



UTILITIES CO.

A Subsidiary of MDU Resources Group, Inc.

400 North Fourth Street  
Bismarck, ND 58501  
701-222-7900

November 1, 2021

Executive Secretary  
North Dakota Public Service Commission  
State Capitol Building  
Bismarck, ND 58505-0480

Re: Annual Update to the Renewable Resource Cost Adjustment Rate 55  
Tariff  
Case No. PU-21-\_\_\_\_

Montana-Dakota Utilities Co. (Montana-Dakota) submits for Commission approval an original and (7) copies of the Company's Application to update its Renewable Resource Cost Adjustment (RRCA) Rate 55 tariff pursuant to the terms of Rate 55 tariff which states that "[t]he RRCA will be adjusted annually to reflect the Company's most recent projected capital costs and related expenses for projects determined to be recoverable under this schedule." Montana-Dakota requests approval of 6<sup>th</sup> Revised Sheet No. 39 of its electric tariff, provided herein as Exhibit 1, to be effective with service rendered on and after February 1, 2022.

Montana-Dakota is requesting to update its RRCA rates to reflect the projected costs through December 31, 2022 related to the Company's investment in the Thunder Spirit Wind Project, Cedar Hills Wind Project, and Diamond Willow Wind Facilities.

Included in projected costs is a project to repower the original 13 wind turbines (Phase 1) at the Diamond Willow Wind Facility. This project will focus on replacing the generators, gearboxes, and refurbishing or replacing blades on these 13 turbines and the energy will also qualify for Production Tax Credits (PTCs) at 80% of the value.

Consistent with the Commission's Orders in Case Nos. PU-19-355 and PU-20-440, the Company is introducing a Levelizing Adjustment related to the Diamond Willow wind facility assets and the projected PTCs available upon completion of the project. The levelization method is calculated in the same manner as the approved Levelized Return method used to levelized the remaining Thunder Spirit estimated PTCs in Case No. PU-19-355.

Also included in projected costs is the installation of Aircraft Detection Lighting System (ADLS) at the Thunder Spirit Wind Facility to be in compliance with North

Dakota Century Code (NDCC) 49-22-16.4(3). The Company has been awaiting Federal Aviation Administration approval of another light mitigation technology and received an extension of the deadline to install the lighting technology as approved by the Commission’s Order in Case No. PU-17-192 on February 17, 2021. On July 27, 2021, the Company informed the Commission that federal approval for the other light mitigation technology was still under review, so the Company will proceed with the ALDS technology due to the lead time required to acquire materials and install the technology.

A comparison of the total proposed costs to be recovered in this filing and the approved costs to be recovered in Case No. PU-20-440 is outlined below.

	Current Filing	Prior Filing	Variance
Revenue Requirement	\$12,360,329	\$14,391,968	(2,031,639)
Levelization	6,298,380	4,833,422	1,464,958
(Over)/Under Recovered Balance	(647,906)	1,570,240	(2,218,146)
	<u>\$18,010,803</u>	<u>\$20,795,630</u>	<u>(\$2,784,827)</u>

The total projected 2022 revenue requirement, as allocated to North Dakota, is \$12,360,329 and is detailed in Exhibit 3. The levelization of the revenue requirement, exclusive of the PTCs, for the Thunder Spirit Wind wind facility, is \$6,091,830 pursuant to the Orders in Case No. PU-19-355 and Case No. PU-20-440. An additional levelization adjustment of \$206,550 is also included for the proposed levelization of the Diamond Willow wind facility revenue requirement due to the availability of PTCs at the conclusion of a repowering project. The projected 2022 RRCA rates also reflect a projected over-recovered balance of the current RRCA costs of \$647,906 for a total cost of \$18,010,803 to be collected through the proposed RRCA rates. The total costs to be recovered through the proposed rates represent a decrease of \$2,784,827, or a 13.4 percent decrease, from the revenues currently being collected under the RRCA.

All costs to be recovered through the RRCA rates are currently not being recovered through Montana-Dakota’s North Dakota retail electric rates.

A residential customer using 894 Kwh would see a total decrease of \$1.20 per month from the currently authorized charge under Rate 55, representing a decrease of \$14.40 annually. This change will constitute a decrease of approximately 1.24% in a residential customer’s total bill. The proposed Renewable Resource Cost Adjustments (RRCA) rates are shown below, along with the change from the current RRCA rates implemented February 1, 2021:

	Proposed Rate	Current Rate	Change
Residential & Small General Rate/Kwh	\$0.00899	\$0.01033	(\$0.00134)
Large General/Kwh	\$0.00838	\$0.00976	(\$0.00138)
Lighting/Kwh	\$0.01161	\$0.01221	(\$0.00060)

Pursuant to the Commission's Orders in Case Nos. PU-19-355 and PU-20-440, the above rates reflect the levelization of the revenue requirement for Thunder Spirit Wind Project. The above proposed rates also include the proposed levelization for the Diamond Willow Repower Project shown in Exhibit 7.

Please refer all inquiries regarding this filing to:

Travis R. Jacobson  
Director of Regulatory Affairs  
Montana-Dakota Utilities Co.  
400 North Fourth Street  
Bismarck, ND 58501  
[Travis.Jacobson@mdu.com](mailto:Travis.Jacobson@mdu.com)

Also, please send copies of all written inquiries, correspondence, and pleadings to:

Allison Mann  
Attorney  
MDU Resources Group, Inc.  
P.O. Box 5650  
Bismarck, ND 58506-5650  
[Allison.Mann@MDUResources.com](mailto:Allison.Mann@MDUResources.com)

Montana-Dakota has included a check in the amount of \$10,000 for the filing fees in this case. In the event the Commission deems an additional deposit is required, Montana-Dakota will submit the required fees.

Montana-Dakota respectfully requests that this filing be accepted as being in full compliance with the filing requirements of this Commission.

Please contact me at (701) 222-7855 or at [Travis.Jacobson@mdu.com](mailto:Travis.Jacobson@mdu.com) with any questions regarding this filing.

Sincerely,



Travis R. Jacobson  
Director of Regulatory Affairs

Attachments

cc: Allison Mann  
Garret Senger

**STATE OF NORTH DAKOTA  
PUBLIC SERVICE COMMISSION**

In the Matter of the Application of )  
MONTANA-DAKOTA UTILITIES CO. for )  
Approval its Annual Update to Renewable ) Case No. PU-21-\_\_\_\_  
Resource Cost Adjustment Rate 55 )

**I. Summary of Application**

Montana-Dakota Utilities Co. (Montana-Dakota or Company) herewith submits this Application to update the rates applicable under its Renewable Resource Cost Adjustment Rate 55 tariff pursuant to the terms of Rate 55 to reflect projected costs through December 2022 related to the Company's investment in its existing renewable generation resources; namely the Thunder Spirit Wind Facility, Cedar Hills Wind Facility, and Diamond Willow Wind Facility. Montana-Dakota respectfully requests approval of its Renewable Resource Cost Adjustment Rate 55 tariff, 6<sup>th</sup> Revised Sheet No. 39, to be effective with service rendered on and after February 1, 2022. In support of the Company's Application, Montana-Dakota is providing the following Exhibits:

- Exhibit 1 - Renewable Resource Cost Adjustment Rate 55 6<sup>th</sup> Revised Sheet No. 39
- Exhibit 2 - Derivation of Proposed Rates
- Exhibit 3 - Projected 2022 Revenue Requirement
- Exhibit 4 - Balancing Account Summary, 2020 and 2021 Monthly Revenue Requirement Calculation
- Exhibit 5 - Revenue Requirement - Detail Schedule by Wind Facility
- Exhibit 6 - Customer Notice of Filing
- Exhibit 7 - Diamond Willow Wind Facility Projected Revenue Requirement and Levelization Proposal

## **II. Description of Applicant**

Montana-Dakota is a Delaware corporation duly authorized to do business in the State of North Dakota as a foreign corporation, and doing business in the State of North Dakota as a public utility subject to the jurisdiction of and regulation by the North Dakota Public Service Commission (Commission) under NDCC Title 49. Montana-Dakota's Certificate of Incorporation and amendments thereto have been previously filed with the Commission and such Certificate and Amendments are hereby incorporated by reference as though fully set forth herein. Montana-Dakota provides electric service to approximately 93,382 customers in North Dakota as of September 30, 2021.

## **III. Background of Renewable Resource Recovery Rider Rate 55**

On October 26, 2015, Montana-Dakota filed an application and notice to implement a Renewable Resource Cost Adjustment (RRCA) tariff and rates for purposes of recovering its investment in renewable generation resources, specifically the Thunder Spirit Wind Project ("TSW"), a 107.5 MW generation project located near Hettinger, North Dakota in Case No. PU-15-703. On January 5, 2016, the Commission approved a Settlement Agreement between Montana-Dakota and the Commission Advocacy Staff thereby authorizing the Company's RRCA Rate 55 tariff effective with service rendered on and after January 7, 2016 on an interim basis pending the outcome of a general electric rate case to be filed by the Company. On October 14, 2016, Montana-Dakota filed an application and notice to increase its electric service rates in Case No. PU-16-666, which included an update to the RRCA rates. On June 16, 2017, the Commission approved the Settlement Agreement entered into between Montana-Dakota, the Commission Advocacy Staff, and the AARP, authorizing the recovery of the

Company's existing wind facilities (Cedar Hills, Diamond Willow, and Thunder Spirit) through the Rate 55 tariff, as well as a true up of the over collected balance through December 31, 2016. The current RRCA rates were implemented effective with service rendered on and after February 1, 2021 in Case No. PU-20-440.

Montana-Dakota is now requesting to update its RRCA rates to reflect projected costs through December 2022 for all existing wind facilities (Cedar Hills, Diamond Willow and Thunder Spirit) and to include the projected over collected balance as of January 2022. Pursuant to the Commission's Orders in Case Nos. PU-19-355 and PU-20-440, a levelization component has been included in the requested recovery. The projected recovery includes a repowering project at the Diamond Willow wind facility as well as a proposed levelization adjustment related to the Diamond Willow assets at the completion of the repowering project. The repowering project and proposed levelization are discussed further on pages 8 through 9. The Company is proposing the rates proposed herein be effective with service rendered on and after February 1, 2022.

#### **IV. Calculation of the Proposed RRCA Rates**

The following exhibits are included herein in support of the Company's proposed RRCA rates and in accordance with the Company's Rate 55 tariff:

- *Exhibit 2* shows the proposed RRCA rates and the allocation of the total costs to each of the rate classes, including all special contracts. The total costs to be recovered include the projected RRCA over collected balance of \$647,906 as of January 31, 2022, the projected 2022 revenue requirement of \$12,360,329 associated with Thunder Spirit, Cedar Hill, and Diamond Willows wind facilities and the projected levelization adjustment of \$6,298,380 reflective of the

Commission’s Orders in Case Nos. PU-19-355 and PU-20-440 and an additional levelization related to the Diamond Willow wind facility, explained further beginning on page 8. Projected costs are then allocated to the rate classes based on the Company’s Demand/Energy Factor No. 3, and divided by the forecasted billing determinants. A comparison of the current revenue requirement to the prior year is outlined below:

	Current Filing	Prior Filing	Variance
Revenue Requirement	\$12,360,329	\$14,391,968	(2,031,639)
Levelization	6,298,380	4,833,422	1,464,958
Over/Under Recovered Balance	(647,906)	1,570,240	(2,218,146)
	<u>\$18,010,803</u>	<u>\$20,795,630</u>	<u>(\$2,784,827)</u>

As outlined above, the levelization amount that is being projected for the 2022 period is increasing. This is to better match the revenue requirement, exclusive of Production Tax Credits (PTCs) for 2022 with a typical asset life, and spread the value of PTCs over the expected life of the wind assets. The projected 2022 levelization amount also includes a levelizing adjustment related to the projected Diamond Willow PTCs that will be available at the completion of the repowering project. The current year levelization is outlined on Exhibit 5, page 8. The prior period Under Recovered balance has decrease from the prior filing, resulting in a projected Over Recovered Balance. Further explanation of the over recovered balance is explained in Exhibit 4.

- *Exhibit 3* shows the projected monthly revenue requirements for Montana-Dakota’s wind projects for the year ending December 2022. The projected

revenue requirement for the twelve months ending December 31, 2022 as allocated to North Dakota is \$12,360,329 as shown in Exhibit 3. This represents a decrease of \$2,031,639 from the revenue requirement authorized in Case No. PU 20-440. The revenue requirement is comprised of:

- Average rate base of \$130,578,424. Capital additions of \$13,736,970 have been included in rate base during 2022 to reflect the addition of light mitigation technology, gearbox and generator replacements, and the repowering of the Diamond Willow Phase 1 turbines. Also included in rate base is a regulatory liability accruing the Thunder Spirit Levelizing adjustment as ordered in Case No. PU-20-440 with the addition of a Levelizing adjustment related to the Diamond Willow PTCs available at the completion of the repowering project.
- Continued amortization of the decommissioning costs authorized in Case No. PU-16-666, updated for the most recent decommissioning estimate to include the decommissioning estimate related to the Expansion of the Thunder Spirit facility.
- Federal Production Tax Credits (PTCs): reflects a credit of 2.5 cents per Kwh of production from the Thunder Spirit wind facility. Also included are PTC credits of 2.0 cents per Kwh of projected production from the repowering of the 13 turbines built in Phase 1 of the Diamond Willow wind facility beginning in October 2022. The credits in the projected period are being estimated to begin when repowering project being placed into service. The availability of PTCs originally related to the Diamond Willow

and Cedar Hill wind facilities expired in prior years as both facilities have passed the 10 year threshold for the generation produced at these facilities to be eligible for the credit. The repowering of Diamond Willow Phase 1 turbines allows the Company to begin accruing PTC credits at 80 percent of the value. The available PTCs are included as a reduction to taxes, but also as an addition to rate base as appropriate. Over the course of the 2020 year, the remaining PTCs carried forward were utilized by year end. The Company does not project any carryforward balance in year 2022.

- Return: reflective of the projected 2022 Capital Structure and the Return on Equity of 9.65% authorized in the Company's last electric rate case (Case No. PU-16-666).
- O&M: reflects the annual operating costs and the annual easement payments for each facility. O&M costs are recorded separately for each wind facility.
- Depreciation Expense: annual depreciation rates for production and transmission related assets, based on a 25-year life for all wind facilities, as authorized in Case No. PU-16-666.
- Taxes Other than Income: reflective of the production tax rate applicable under North Dakota Century Code Chapter 57-33.2.04: Wind Generation Taxation.
- Income Taxes: current federal and state income tax rates.
- ARAM Reversal: The Tax Cuts and Jobs Act of 2017 required re-

measurement of the accumulated deferred income tax balance to determine the amount of excess deferred income tax to be returned to customers over the remaining life of the asset. The excess deferred income taxes on the Cedar Hills, Diamond Willow, and Thunder Spirit assets results in a projected annual amortization of \$822,174 for 2022, which is a reduction to deferred tax expense.

- The facilities located in North Dakota are eligible for the North Dakota income tax credit (ITC) for installation of wind energy devices under N.D.C.C. Section 57-38-30. The Facilities are projected to have a carry forward credit of approximately \$6.8 million available at the end of 2021, and it is projected that \$868,764 of the credit will be utilized in 2022. Since the credit allowed under the statute may not exceed the liability for tax, the excess will be carried forward for future use. Deferred tax is only established when the credit is utilized, and the deferred tax benefit is then amortized over the life of the assets. Based on the projected credit utilization, the deferred tax balance at the end of 2022 is projected to be approximately \$7.7 million.
- *Exhibit 4* shows the projected RRCA Balancing Account (per Paragraph 2d of Rate 55) through January 2022. The under recovered balance carried forward from the prior year includes a carrying charge due from customers based on the three-month Treasury Bill rate as published monthly by the Federal Reserve Board. Finally, the levelization adjustment is presented as a component of total revenue collected and that revenue will be held by the Company to offset the

revenue requirement in future periods. The difference between the levelizing adjustment and actual per unit revenue collected is represented as an adjustment to the revenue included in the balancing account as shown in Exhibit 4, page 2.

- *Exhibit 5* shows the projected monthly revenue requirements in detail for each of the three existing wind projects, including the expansion to Thunder Spirit and the repowering of the Phase 1 Diamond Willow, for the years ending December 2021 and December 2022.

### **V. Diamond Willow Repower Project**

The Company is performing a repower project on the original 13 (Phase 1) wind turbines in the Diamond Willow wind facility. The estimated cost of the project allocated to North Dakota is \$10,947,751, as outlined in Exhibit 5, page 7, and is included in projected plant in service in October 2022. The projected revenue requirement also includes an estimated retirement adjustment to projected plant in service and reserve related to the repower project, shown in Exhibit 5, page 7. The retirement adjustment is a reduction to plant in service and reserve for Diamond Willow assets in October 2022, as well as an adjustment to depreciation expense starting in November 2022.

The repower project will refurbish or replace blades, replace gearboxes and generators for these turbines. The results of the repower project will be the avoidance of future maintenance and replacement costs that would be incurred as the blades, gearboxes and generators breakdown. The repowered turbines will also provide additional energy production through a higher capacity factor. In addition, the repower will qualify the energy produced from the 13 wind turbines to receive PTCs at the

completion of the project for 10 years. The PTCs for these wind turbines will be at 80% of the full value, or \$0.02 per Kwh. The Company’s customers will benefit from the reduced future replacement costs combined with the additional PTCs, which are passed to customers as savings to net income taxes in the revenue requirement.

Consistent with the Commission’s Orders in Case Nos. PU-19-355 and PU-20-440, the Company has calculated a levelizing adjustment for the Diamond Willow facility, shown in Exhibit 7, based on the estimated PTCs that will be accrued upon completion of the repowering project. The calculation of the levelizing adjustment is a projected forecast of only the Diamond Willow wind facility assets and associated expenses through the year 2035. The method of levelizing the PTCs in this scenario is the Levelized Return method, the same method approved in Case No. PU-19-355 for the remaining estimated Thunder Spirit PTCs. At this time, the repower project is estimated to be in service in October of 2022. The proposed levelization adjustment for the Diamond Willow assets at the conclusion of the repowering project as a percentage of remaining PTC total value for years 2022 through 2035 are outlined below:

2022	2023	2024	2025	2026	2027	2028
1.8%	11.1%	10.3%	9.8%	9.1%	8.4%	8.0%
2029	2030	2031	2032	2033	2034	2035
7.5%	6.9%	6.5%	5.9%	5.4%	5.0%	4.3%

Due to the first year will only be a partial year, the levelizing adjustment will be 25 percent (3 months for the year of 2022) of the levelized return calculation, with the remainder being calculated fully to the remaining years in the forecast (2023 – 2035).

## VI. Estimated Impact by Customer Class

As shown in Exhibit 2, Montana-Dakota's projected 2022 costs to be recovered under the RRCA rates are \$18,010,803, which includes the projected over-recovered balance of \$647,906. A residential customer using 894 Kwh would see a decrease of \$1.20 per month, or \$14.40 annually.

Montana-Dakota requests approval of the following RRCA rates to be effective February 1, 2021:

	<u>Proposed Rate</u>	<u>Current Rate</u>	<u>Change</u>
Residential & Small General Rate/Kwh	\$0.00899	\$0.01033	(\$0.00134)
Large General/Kwh	\$0.00838	\$0.00976	(\$0.00138)
Lighting/Kwh	\$0.01161	\$0.01221	(\$0.00060)

Montana-Dakota has included as Exhibit 6 a Customer Notice to be included with customer's bills starting thirty days from date of filing in accordance with NDCC § 69-09-02-02.1 requiring a notice to be provided to customers, within thirty days after filing, informing customers of the Company's request to update rates.

Montana-Dakota has included a check in the amount of \$10,000 for the filing fees in this case. In the event the Commission deems an additional deposit is required, Montana-Dakota will submit the required fees.

## VI. Conclusion

Montana-Dakota respectfully requests that the Commission approve this annual update to the Company's RRCA rates applicable under Renewable Resource Cost Adjustment Rate 55 tariff to be effective with service rendered on and after February 1, 2022.

Dated this 1<sup>st</sup> day of November 2021.



Travis R. Jacobson  
Director of Regulatory Affairs

Of Counsel:

Allison Mann  
Attorney  
MDU Resources Group, Inc.  
P.O. Box 5650  
Bismarck, ND 58506-5650

# Exhibit 1



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Electric Rate Schedule

NDPSC Volume 4  
6<sup>th</sup> Revised Sheet No. 39  
Canceling 5<sup>th</sup> Revised Sheet No. 39

### Renewable Resource Cost Adjustment Rate 55

Page 1 of 1

**1. Applicability:**

This rate schedule represents a Renewable Resource Cost Adjustment (RRCA) and specifies the procedure to be utilized to recover the jurisdictional costs associated with renewable generation resource modifications or additions approved by the Commission, but not recovered through retail rates. Costs to be recovered may include operation and maintenance expenditures, depreciation, taxes, and a current return on the project costs.

**2. Renewable Resource Cost Adjustment:**

- a. An adjustment per Kwh will be calculated using the projected capital costs and related expenses, along with the forecasted Kwh sales, to determine a North Dakota jurisdictional revenue requirement to be recovered through the RRCA rates. The return component of the revenue requirement calculation will include the return on equity established in the Company's most recent rate case.
- b. The RRCA is applicable to all retail customers for electric energy sold, except those served under special contract, where the contract does not express RRCA applicability, and are allocated amongst the rate classes based on the Company's Demand/Energy Factor No. 3 established in the Company's most recent general rate case.
- c. The RRCA will be adjusted annually (or other period authorized by the Commission) to reflect the Company's most recent projected capital costs and related expenses for projects determined to be recoverable under this schedule.
- d. A true-up will reflect any over or under collection of revenue under the RRCA based on actual expenditures from the preceding twelve month recovery period plus carrying charges or credits accrued at a rate equal to the three-month Treasury Bill rate as published monthly by the Federal Reserve Board.

**3. Renewable Resource Cost Adjustment:**

Residential & Small General	0.899¢ per Kwh
Large General	0.838¢ per Kwh
Lighting	1.161¢ per Kwh

**Date Filed:** November 1, 2021

**Effective Date:**

**Issued By:** Travis R. Jacobson  
Director – Regulatory Affairs

**Case No.:**

## **Tariff Reflecting Proposed Changes**



# Montana-Dakota Utilities Co.

A Division of MDU Resources Group, Inc.

400 N 4<sup>th</sup> Street  
Bismarck, ND 58501

## State of North Dakota Electric Rate Schedule

NDPSC Volume 4

~~50~~<sup>56</sup><sup>th</sup> Revised Sheet No. 39

Canceling ~~45~~<sup>45</sup><sup>th</sup> Revised Sheet No. 39

### Renewable Resource Cost Adjustment Rate 55

Page 1 of 1

#### 1. **Applicability:**

This rate schedule represents a Renewable Resource Cost Adjustment (RRCA) and specifies the procedure to be utilized to recover the jurisdictional costs associated with renewable generation resource modifications or additions approved by the Commission, but not recovered through retail rates. Costs to be recovered may include operation and maintenance expenditures, depreciation, taxes, and a current return on the project costs.

#### 2. **Renewable Resource Cost Adjustment:**

- a. An adjustment per Kwh will be calculated using the projected capital costs and related expenses, along with the forecasted Kwh sales, to determine a North Dakota jurisdictional revenue requirement to be recovered through the RRCA rates. The return component of the revenue requirement calculation will include the return on equity established in the Company's most recent rate case.
- b. The RRCA is applicable to all retail customers for electric energy sold, except those served under special contract, where the contract does not express RRCA applicability, and are allocated amongst the rate classes based on the Company's Demand/Energy Factor No. 3 established in the Company's most recent general rate case.
- c. The RRCA will be adjusted annually (or other period authorized by the Commission) to reflect the Company's most recent projected capital costs and related expenses for projects determined to be recoverable under this schedule.
- d. A true-up will reflect any over or under collection of revenue under the RRCA based on actual expenditures from the preceding twelve month recovery period plus carrying charges or credits accrued at a rate equal to the three-month Treasury Bill rate as published monthly by the Federal Reserve Board.

#### 3. **Renewable Resource Cost Adjustment:**

Residential & Small General	<del>1.0330.899</del> ¢ per Kwh
Large General	<del>0.9760.838</del> ¢ per Kwh
Lighting	<del>1.2241.161</del> ¢ per Kwh

**Date Filed:** November ~~2, 2020~~, 2021

**Effective Date:** ~~Service rendered on and after February 1, 2021~~

**Issued By:** Travis R. Jacobson  
Director – Regulatory Affairs

**Case No.:** ~~PU-20-440~~

**Montana-Dakota Utilities Co.  
Electric Utility - North Dakota  
Renewable Resource Cost Adjustment  
Proposed RRCA Rates**

	<u>Total</u>	<u>Residential &amp; Small General</u>	<u>Large General</u>	<u>Lighting</u>
Revenue Requirement 1/ 2/ Levelization 1/ 2/	\$12,360,329	\$5,310,369	\$6,911,178	\$138,782
Prior (Over)/Under Recovery 2/ 3/ Net to be Recovered	(647,906)	(278,360)	(362,271)	(7,275)
	<u>18,010,803</u>	<u>7,737,983</u>	<u>10,070,595</u>	<u>202,225</u>
Projected Kwh Sales	2,080,466,020	860,446,666	1,202,605,941	17,413,413
Proposed RRCA Rate per Kwh		\$0.00899	\$0.00838	\$0.01161
Current RRCA Rate per Kwh 4/		\$0.01033	\$0.00976	\$0.01221
Decrease in RRCA Rate		<u>(\$0.00134)</u>	<u>(\$0.00138)</u>	<u>(\$0.00060)</u>

1/ Exhibit 3, page 1.

2/ Demand/Energy for Wind Allocation Factor 3

Residential & Small General	42.963008%	(Rates 10, 13, 16, 20, 25, 26, and 40)
Large General	55.914195%	(Rates 30, 31, 32, 38, 48 and contracts)
Lighting	<u>1.122797%</u>	(Rates 41, 52)
	<u>100.000000%</u>	

3/ Exhibit 4, page 1.

4/ Current RRCA rates effective February 1, 2021.

**Montana-Dakota Utilities Co.  
Electric Utility - North Dakota  
Renewable Resource Cost Adjustment  
Revenue Requirement - Wind Resources  
Projected Year End 2022**

	Projected												Average Balance
	Jan 2022	Feb 2022	Mar 2022	Apr 2022	May 2022	June 2022	July 2022	Aug 2022	Sept 2022	Oct 2022	Nov 2022	Dec 2022	
<b>Rate Base</b>													
Total Plant Balance	\$280,455,694	\$280,455,694	\$280,455,694	\$280,455,694	\$280,455,694	\$280,455,694	\$280,455,694	\$281,968,330	\$281,968,330	\$280,897,413	\$280,897,413	\$280,897,413	\$280,818,230
Total Accumulated Reserve	78,675,956	79,646,832	80,617,708	81,588,584	82,559,460	83,530,336	84,501,212	85,472,088	86,447,941	74,128,543	75,100,415	76,072,287	
Net Plant in Service	\$201,779,738	\$200,808,862	\$199,837,986	\$198,867,110	\$197,896,234	\$196,925,358	\$195,954,482	\$196,496,242	\$195,520,389	\$206,768,870	\$205,796,998	\$204,825,126	200,123,116
Add: PTC Carryforward	0	0	0	0	0	0	0	0	0	0	0	0	0
Less: Deferred Taxes	52,255,954	51,997,841	51,738,220	51,517,162	51,321,551	51,116,552	50,908,490	50,696,232	50,517,542	50,356,419	50,205,141	50,036,664	
Less: Investment Tax Credit	6,880,010	6,952,407	7,024,804	7,097,201	7,169,598	7,241,995	7,314,392	7,386,789	7,459,186	7,531,583	7,603,980	7,676,377	
Less: Levelization Reg Liability	8,344,335	8,903,481	9,506,902	9,989,192	10,405,352	10,896,867	11,439,023	12,036,469	12,533,248	12,996,146	13,455,577	14,023,622	
Total Rate Base	\$134,299,439	\$132,955,133	\$131,568,060	\$130,263,555	\$128,999,733	\$127,669,944	\$126,292,577	\$126,376,752	\$125,010,413	\$135,884,722	\$134,532,300	\$133,088,463	130,578,424
<b>Return on Rate Base 1/</b>	<b>\$794,045</b>	<b>\$786,097</b>	<b>\$777,896</b>	<b>\$770,183</b>	<b>\$762,711</b>	<b>\$754,849</b>	<b>\$746,705</b>	<b>\$747,203</b>	<b>\$739,124</b>	<b>\$803,418</b>	<b>\$795,422</b>	<b>\$786,886</b>	<b>\$9,264,539</b>
<b>Expenses</b>													
Operating Expenses													Total
Total O&M	\$271,404	\$271,404	\$271,404	\$271,404	\$271,404	\$271,404	\$271,404	\$271,404	\$271,404	\$271,404	\$271,404	\$863,941	\$3,849,385
Total Depreciation	970,876	970,876	970,876	970,876	970,876	970,876	970,876	970,876	975,853	975,853	971,872	971,872	11,662,458
Property taxes	62,631	62,631	62,631	62,631	62,631	62,631	62,631	62,631	62,631	62,631	62,631	62,634	751,575
Payroll taxes	3,679	3,679	3,679	3,679	3,679	3,679	3,679	3,679	3,679	3,679	3,679	3,679	44,144
<b>Total Expenses</b>	<b>\$1,308,590</b>	<b>\$1,308,590</b>	<b>\$1,308,590</b>	<b>\$1,308,590</b>	<b>\$1,308,590</b>	<b>\$1,308,590</b>	<b>\$1,308,590</b>	<b>\$1,308,590</b>	<b>\$1,313,567</b>	<b>\$1,313,567</b>	<b>\$1,309,586</b>	<b>\$1,902,126</b>	<b>\$16,307,562</b>
Income before Taxes (EBIT)	(\$1,308,590)	(\$1,308,590)	(\$1,308,590)	(\$1,308,590)	(\$1,308,590)	(\$1,308,590)	(\$1,308,590)	(\$1,308,590)	(\$1,313,567)	(\$1,313,567)	(\$1,309,586)	(\$1,902,126)	(\$16,307,562)
Interest Expense	241,515	239,098	236,603	234,257	231,985	229,593	227,116	227,268	224,810	244,366	241,934	239,337	2,817,882
AFUDC Equity Add Back	22,339	22,339	22,339	22,339	22,339	22,339	22,339	22,339	22,339	22,339	22,339	22,341	268,070
Taxable income	(\$1,527,766)	(\$1,525,349)	(\$1,522,854)	(\$1,520,508)	(\$1,518,236)	(\$1,515,844)	(\$1,513,367)	(\$1,513,519)	(\$1,516,038)	(\$1,535,594)	(\$1,529,181)	(\$2,119,122)	(\$18,857,374)
Income Taxes 2/	(\$372,850)	(\$372,260)	(\$371,651)	(\$371,078)	(\$370,524)	(\$369,940)	(\$369,336)	(\$369,373)	(\$369,987)	(\$374,760)	(\$373,195)	(\$517,170)	(\$4,602,124)
Less: ARAM Amortization	68,514	68,514	68,514	68,514	68,514	68,514	68,514	68,514	68,514	68,514	68,514	68,520	822,174
Production Tax Credit	1,190,758	775,071	853,397	705,144	826,727	732,165	734,935	582,912	826,591	1,254,515	1,050,451	1,376,334	10,804,000
Net Income Taxes	(\$1,632,122)	(\$1,215,845)	(\$1,293,562)	(\$1,144,736)	(\$1,265,765)	(\$1,170,619)	(\$1,172,785)	(\$1,020,799)	(\$1,160,092)	(\$1,697,789)	(\$1,492,160)	(\$1,962,024)	(\$16,228,298)
Operating Income	\$323,532	(\$92,745)	(\$15,028)	(\$163,854)	(\$42,825)	(\$137,971)	(\$135,805)	(\$287,791)	(\$153,475)	\$384,222	\$182,574	\$59,898	(\$79,264)
<b>Revenue Requirement</b>	<b>\$622,412</b>	<b>\$1,162,564</b>	<b>\$1,048,909</b>	<b>\$1,235,578</b>	<b>\$1,065,592</b>	<b>\$1,181,055</b>	<b>\$1,167,416</b>	<b>\$1,369,128</b>	<b>\$1,180,763</b>	<b>\$554,528</b>	<b>\$810,698</b>	<b>\$961,686</b>	<b>\$12,360,329</b>
													Thunder Spirit PTC Levelization, grossed up: 6,091,830 3/
													Diamond Willow PTC Levelization, grossed up: 206,550 3/
													<b>Total Projected 2022: \$18,658,709</b>

1/ Projected Capital Structure with Authorized Return on Equity

	Ratio	Cost	
Long Term Debt:	47.152%	4.508%	2.126%
Short Term Debt:	1.689%	1.909%	0.032%
Common Equity:	51.159%	9.650%	4.937%
	100.000%		7.095%

2/ Tax Rate 24.4049% (Federal Tax Rate = 21%, Tax Rate = 4.31%)  
1- tax rate 75.5951%

3/ Exhibit 5, page 8.

**Montana-Dakota Utilities Co.  
Electric Utility - North Dakota  
Renewable Resource Cost Adjustment  
Balancing Account and Carry Charge Calculation**

	Cumulative								Grand Total (Over)/Under Collection
	Beginning Balance	Revenue Requirement 1/	Revenue Collected 2/	Ending Balance 3/	Carrying Charge Calculation			Carrying Charge 4/	
					Deferred Income Tax	Net Balance	Rate 4/		
September 2020									\$2,215,124 5/
October	\$2,215,124	\$1,042,810	\$1,049,976	2,207,958	538,850	1,669,108	0.1000%	\$140	2,208,098
November	2,207,958	960,271	1,084,053	2,084,176	508,641	1,575,535	0.0900%	125	2,084,441
December	2,084,176	1,542,990	1,379,685	2,247,481	548,495	1,698,986	0.0900%	118	2,247,864
January 2021	2,247,481	1,088,055	1,439,232	1,896,304	462,791	1,433,513	0.0800%	113	1,896,800
February	1,896,304	1,109,389	1,420,693	1,585,000	386,818	1,198,182	0.0400%	48	1,585,544
March	1,585,000	1,188,700	1,558,277	1,215,423	296,623	918,800	0.0300%	30	1,215,997
April	1,215,423	1,222,473	1,243,091	1,194,805	291,591	903,214	0.0200%	15	1,195,394
May	1,194,805	1,298,980	1,071,164	1,422,621	347,189	1,075,432	0.0200%	15	1,423,225
June	1,422,621	1,400,488	1,266,240	1,556,869	379,952	1,176,917	0.0400%	36	1,557,509
July	1,556,869	1,366,238	1,398,281	1,524,826	372,132	1,152,694	0.0500%	49	1,525,515
August	1,524,826	1,282,948	1,542,780	1,264,994	308,721	956,273	0.0500%	48	1,265,731
September	1,264,994	1,300,539	1,279,792	1,285,741	313,784	971,957	0.0400%	32	1,286,510
October - Est.	1,285,741	690,679	1,191,412	785,008	191,580	593,428	0.0400%	32	785,809
November - Est.	785,008	913,942	1,186,137	512,813	125,151	387,662	0.0400%	20	513,634
December - Est.	512,813	1,145,946	1,467,986	190,773	46,558	144,215	0.0400%	13	191,607
January 2022 - Est.	190,773	622,412	1,461,930	(648,745)	-	(648,745)	0.0400%	5	(647,906)
Total		\$18,176,860	\$21,040,729					\$839	

1/ Monthly revenue requirement, see Exhibit 4, pages 3-4.

2/ Reflects revenues collected at established rates net of additional revenue collected for levelization. Additional revenues for levelization effective March 1, 2020 in Case No. PU-19-355 and effective February 1, 2021 in Case No. PU-20-440.

3/ (Over)/Under collection on revenue requirement not including the carrying charge, for use in calculating the carrying charge.

4/ Carrying charges calculated based on the three-month Treasury Bill rate, based on prior month ending balance.

5/ Ending (Over)/Under balance of \$2,248,652 per Case No. PU-20-440, Exhibit 4, page 1, submitted on November 2, 2020 reduced by \$33,528 to reflect the inclusion of the levelization regulatory liability effective March 2020. See Exhibit 4, page 3.

**North Dakota Renewable Rider  
Revenue Breakdown**

	Total Revenue Collected	Levelizing Adjustment in Rates 1/	Net Revenue Collected
October 2020	\$1,415,571	\$365,595	\$1,049,976
November	1,459,118	375,065	1,084,053
December	1,855,887	476,202	1,379,685
January 2021	1,882,987	443,755	1,439,232
February	1,852,871	432,178	1,420,693
March	2,024,677	466,400	1,558,277
April	1,615,866	372,775	1,243,091
May	1,392,825	321,661	1,071,164
June	1,646,145	379,905	1,266,240
July	1,817,327	419,046	1,398,281
August	2,004,561	461,781	1,542,780
September	1,663,765	383,973	1,279,792
October - Est.	1,549,198	357,786	1,191,412
November - Est.	1,541,243	355,106	1,186,137
December - Est.	1,907,042	439,056	1,467,986
	<u>\$25,629,083</u>	<u>\$6,050,284</u>	<u>\$19,578,799</u>
January 2022 - Est.	\$2,081,023	\$619,093	\$1,461,930
February - Est.		559,146	
March - Est.		603,421	
April - Est.		482,290	
May - Est.		416,160	
June - Est.		491,515	
July - Est.		542,156	
August - Est.		597,446	
September - Est.		496,779	
October - Est.		462,898	
November - Est.		459,431	
December - Est.		568,045	
		<u>\$6,298,380</u>	

1/ Levelization adjustment is amount included in established rates. Year 2020 projected revenue requirement included a \$3,470,187 levelizing adjustment in established rates, and year 2021 projected revenue requirement included a \$4,833,422 levelizing adjustment in established rates.

**Note:** The 2020 levelizing adjustment was prorated for the 10 months to account for the established rate including the levelizing adjustment was not implemented until March 1, 2020. Prior to this, there was no levelizing adjustment included in the established rates.

**Montana-Dakota Utilities Co.**  
**Electric Utility - North Dakota**  
**Renewable Resource Cost Adjustment**  
**Revenue Requirement - Wind Resources**  
**Actual Year End 2020**

	Actual from Prior Filing 3/									Actual			Average Balance
	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	June 2020	July 2020	Aug 2020	Sept 2020	Oct 2020	Nov 2020	Dec 2020	
<b>Rate Base</b>													
Total Plant Balance	\$279,762,187	\$279,761,057	\$278,666,981	\$278,582,078	\$278,555,062	\$278,756,541	\$278,634,228	\$278,595,400	\$278,597,703	\$278,570,637	\$278,637,907	\$278,671,423	\$278,815,934
Total Accumulated Reserve	56,063,155	56,983,512	57,717,299	58,635,678	59,555,883	60,513,207	61,345,241	62,264,187	63,208,103	64,136,870	65,090,111	66,041,360	
Net Plant in Service	\$223,699,032	\$222,777,545	\$220,949,682	\$219,946,400	\$218,999,179	\$218,243,334	\$217,288,987	\$216,331,213	\$215,389,600	\$214,433,767	\$213,547,796	\$212,630,063	217,853,050
Add: PTC Carryforward	3,680,081	3,680,081	3,680,081	3,680,081	3,680,081	3,680,081	1,840,041	1,840,041	920,021	920,020	151,506	0	
Less: Deferred Taxes 3/	53,748,833	53,930,187	54,061,491	54,133,557	54,198,822	54,237,857	54,224,392	54,192,014	54,138,530	54,057,266	53,997,475	53,705,762	
Less: Investment Tax Credit	4,155,585	4,250,273	4,344,961	4,439,649	4,534,337	4,629,025	4,801,670	4,974,315	5,146,960	5,319,605	5,174,608	5,860,918	
Less: Levelization Reg Liability 3/	0	0	116,881	391,096	604,877	840,751	1,125,591	1,399,733	1,674,958	2,040,553	2,415,618	2,891,820	
Total Rate Base	\$169,474,695	\$168,277,166	\$166,106,430	\$164,662,179	\$163,341,224	\$162,215,782	\$158,977,375	\$157,605,192	\$155,349,173	\$153,936,363	\$152,111,601	\$150,171,563	160,185,729
<b>Return on Rate Base 1/</b>	<b>\$1,000,466</b>	<b>\$993,396</b>	<b>\$980,582</b>	<b>\$972,056</b>	<b>\$964,258</b>	<b>\$957,614</b>	<b>\$938,496</b>	<b>\$930,396</b>	<b>\$917,078</b>	<b>\$908,738</b>	<b>\$897,965</b>	<b>\$886,513</b>	<b>\$11,347,558</b>
<b>Expenses</b>													
Operating Expenses													Total
Total O&M	\$218,434	\$204,042	\$218,581	\$239,121	\$205,169	\$225,019	\$223,145	\$230,846	\$235,706	\$263,817	\$213,183	\$822,652	\$3,299,715
Total Depreciation	962,328	961,115	956,830	957,707	957,063	957,324	957,968	950,629	957,426	957,434	957,338	964,668	11,497,830
Property taxes	62,294	62,294	62,294	62,294	62,294	62,294	62,294	62,294	62,294	61,634	61,634	61,633	745,547
Payroll taxes	3,353	2,920	2,958	3,209	2,960	3,200	3,644	3,171	2,933	3,419	3,483	3,762	39,012
<b>Total Expenses</b>	<b>\$1,246,409</b>	<b>\$1,230,371</b>	<b>\$1,240,663</b>	<b>\$1,262,331</b>	<b>\$1,227,486</b>	<b>\$1,247,837</b>	<b>\$1,247,051</b>	<b>\$1,246,940</b>	<b>\$1,258,359</b>	<b>\$1,286,304</b>	<b>\$1,235,638</b>	<b>\$1,852,715</b>	<b>\$15,582,104</b>
Income before Taxes (EBIT)	(\$1,246,409)	(\$1,230,371)	(\$1,240,663)	(\$1,262,331)	(\$1,227,486)	(\$1,247,837)	(\$1,247,051)	(\$1,246,940)	(\$1,258,359)	(\$1,286,304)	(\$1,235,638)	(\$1,852,715)	(\$15,582,104)
Interest Expense	316,212	313,977	309,927	307,232	304,768	302,668	296,625	294,065	289,856	287,220	283,815	280,195	3,586,560
AFUDC Equity Add Back	25,413	25,413	25,413	25,413	25,413	25,413	25,413	25,413	25,413	7,963	7,963	7,963	252,606
Taxable income	(\$1,537,208)	(\$1,518,935)	(\$1,525,177)	(\$1,544,150)	(\$1,506,841)	(\$1,525,092)	(\$1,518,263)	(\$1,515,592)	(\$1,522,802)	(\$1,565,561)	(\$1,511,490)	(\$2,124,947)	(\$18,916,058)
Income Taxes 2/	(\$375,154)	(\$370,695)	(\$372,218)	(\$376,848)	(\$367,743)	(\$372,197)	(\$370,531)	(\$369,879)	(\$371,638)	(\$382,074)	(\$368,878)	(\$518,591)	(\$4,616,446)
Less: ARAM Amortization	26,920	26,920	26,920	26,920	26,920	26,920	26,920	26,920	26,920	1,322	1,322	1,323	246,247
Production Tax Credit	1,108,036	1,011,149	991,476	1,093,938	1,001,049	719,945	542,058	685,715	879,711	1,023,333	1,037,485	1,052,889	11,146,784
Net Income Taxes	(\$1,510,110)	(\$1,408,764)	(\$1,390,614)	(\$1,497,706)	(\$1,395,712)	(\$1,119,062)	(\$939,509)	(\$1,082,514)	(\$1,278,269)	(\$1,406,729)	(\$1,407,685)	(\$1,572,803)	(\$16,009,477)
Operating Income	\$263,701	\$178,393	\$149,951	\$235,375	\$168,226	(\$128,775)	(\$307,542)	(\$164,426)	\$19,910	\$120,425	\$172,047	(\$279,912)	\$427,373
<b>Revenue Requirement</b>	<b>\$974,620</b>	<b>\$1,078,116</b>	<b>\$1,098,789</b>	<b>\$974,509</b>	<b>\$1,053,021</b>	<b>\$1,437,116</b>	<b>\$1,648,305</b>	<b>\$1,448,271</b>	<b>\$1,186,807</b>	<b>\$1,042,810</b>	<b>\$960,271</b>	<b>\$1,542,990</b>	<b>\$14,445,625</b>

1/ Projected Capital Structure with Authorized Return on Equity

	Ratio	Cost		
Long Term Debt:	44.718%	4.718%	2.110%	
Short Term Debt:	5.072%	2.548%	0.129%	2.239%
Common Equity:	50.210%	9.650%	4.845%	
	100.000%		7.084%	

2/ Tax Rate 24.4049% (Federal Tax Rate = 21%, Tax Rate = 4.31%)  
1- tax rate 75.5951%

3/ Actual revenue requirement for January - September 2020 was adjusted from the prior filing to account for the Levelized Revenue Regulatory Liability and the related Deferred Taxes. The net effect (\$33,528 reduced revenue requirement for the months of January - September) is reflected in the overall Balancing Account balance on Exhibit 4, page 1.

**Montana-Dakota Utilities Co.  
Electric Utility - North Dakota  
Renewable Resource Cost Adjustment  
Revenue Requirement - Wind Resources  
Actual/Projected Year End 2021**

	Actual									Projected			Average Balance
	Jan 2021	Feb 2021	Mar 2021	Apr 2021	May 2021	June 2021	July 2021	Aug 2021	Sept 2021	Oct 2021	Nov 2021	Dec 2021	
<b>Rate Base</b>													
Total Plant Balance	\$280,633,059	\$280,635,979	\$280,446,286	\$280,471,311	\$280,459,818	\$280,459,818	\$280,462,544	\$280,455,528	\$280,455,694	\$280,455,694	\$280,455,694	\$280,455,694	\$280,487,260
Total Accumulated Reserve	67,321,872	68,346,372	68,987,132	69,943,306	70,909,272	71,880,094	72,850,756	73,821,576	74,792,452	75,763,328	76,734,204	77,705,080	
Net Plant in Service	\$213,311,187	\$212,289,607	\$211,459,154	\$210,528,005	\$209,550,546	\$208,579,724	\$207,611,788	\$206,633,952	\$205,663,242	\$204,692,366	\$203,721,490	\$202,750,614	208,065,973
Add: PTC Carryforward	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Less: Deferred Taxes	55,396,896	55,150,750	54,907,433	54,697,794	54,511,826	54,322,473	54,134,751	53,947,782	53,790,631	53,651,055	53,522,960	53,385,574	
Less: Investment Tax Credit	5,939,809	6,018,701	6,097,592	6,176,483	6,255,374	6,334,265	6,413,157	6,492,048	6,570,939	6,649,830	6,728,721	6,807,613	
Less: Levelization Reg Liability	3,335,575	3,767,753	4,234,153	4,606,928	4,928,589	5,308,494	5,727,540	6,189,321	6,573,294	6,931,080	7,286,186	7,725,242	
Total Rate Base	\$148,638,907	\$147,352,403	\$146,219,976	\$145,046,800	\$143,854,757	\$142,614,492	\$141,336,340	\$140,004,801	\$138,728,378	\$137,460,401	\$136,183,623	\$134,832,185	141,856,089
<b>Return on Rate Base 1/</b>	<b>\$859,504</b>	<b>\$852,065</b>	<b>\$845,517</b>	<b>\$838,733</b>	<b>\$831,840</b>	<b>\$824,668</b>	<b>\$817,277</b>	<b>\$809,578</b>	<b>\$802,197</b>	<b>\$794,865</b>	<b>\$787,482</b>	<b>\$779,667</b>	<b>\$9,843,393</b>
<b>Expenses</b>													
Operating Expenses													Total
Total O&M	\$248,924	\$249,468	\$287,096	\$286,591	\$280,329	\$280,536	\$279,459	\$279,362	\$301,683	\$277,050	\$277,050	\$892,399	\$3,939,947
Total Depreciation	971,757	971,454	971,465	970,841	970,928	970,889	970,888	970,899	970,876	970,876	970,876	970,876	11,652,625
Property taxes	62,631	62,631	62,631	62,631	62,631	62,631	62,631	62,631	62,631	62,631	62,631	62,634	751,575
Payroll taxes	4,129	3,243	3,847	3,652	3,566	3,784	3,594	3,572	3,721	3,679	3,679	3,679	44,144
<b>Total Expenses</b>	<b>\$1,287,441</b>	<b>\$1,286,796</b>	<b>\$1,325,039</b>	<b>\$1,323,715</b>	<b>\$1,317,454</b>	<b>\$1,317,840</b>	<b>\$1,316,572</b>	<b>\$1,316,464</b>	<b>\$1,338,911</b>	<b>\$1,314,236</b>	<b>\$1,314,236</b>	<b>\$1,929,588</b>	<b>\$16,388,291</b>
Income before Taxes (EBIT)	(\$1,287,441)	(\$1,286,796)	(\$1,325,039)	(\$1,323,715)	(\$1,317,454)	(\$1,317,840)	(\$1,316,572)	(\$1,316,464)	(\$1,338,911)	(\$1,314,236)	(\$1,314,236)	(\$1,929,588)	(\$16,388,291)
Interest Expense	263,958	261,673	259,662	257,579	255,462	253,260	250,990	248,625	246,358	244,107	241,839	239,439	3,022,952
AFUDC Equity Add Back	25,404	25,404	25,404	25,404	25,404	25,404	25,404	25,404	25,404	25,404	25,404	25,406	304,850
Taxable income	(\$1,525,995)	(\$1,523,065)	(\$1,559,297)	(\$1,555,890)	(\$1,547,512)	(\$1,545,696)	(\$1,542,158)	(\$1,539,685)	(\$1,559,865)	(\$1,532,939)	(\$1,530,671)	(\$2,143,621)	(\$19,106,393)
Income Taxes 2/	(\$372,418)	(\$371,702)	(\$380,545)	(\$379,713)	(\$377,669)	(\$377,226)	(\$376,362)	(\$375,759)	(\$380,683)	(\$374,112)	(\$373,559)	(\$523,148)	(\$4,662,896)
Less: ARAM Amortization	68,665	68,665	68,665	68,665	68,665	68,665	68,665	68,665	68,665	68,665	68,665	68,664	823,979
Production Tax Credit	883,346	859,850	822,747	789,940	720,995	637,917	656,013	711,772	708,616	1,144,204	968,598	1,251,164	10,155,162
Net Income Taxes	(\$1,324,429)	(\$1,300,217)	(\$1,271,957)	(\$1,238,318)	(\$1,167,329)	(\$1,083,808)	(\$1,101,040)	(\$1,156,196)	(\$1,157,964)	(\$1,586,981)	(\$1,410,822)	(\$1,842,976)	(\$15,642,037)
Operating Income	\$36,988	\$13,421	(\$53,082)	(\$85,397)	(\$150,125)	(\$234,032)	(\$215,532)	(\$160,268)	(\$180,947)	\$272,745	\$96,586	(\$86,612)	(\$746,254)
<b>Revenue Requirement</b>	<b>\$1,088,055</b>	<b>\$1,109,389</b>	<b>\$1,188,700</b>	<b>\$1,222,473</b>	<b>\$1,298,980</b>	<b>\$1,400,488</b>	<b>\$1,366,238</b>	<b>\$1,282,948</b>	<b>\$1,300,539</b>	<b>\$690,679</b>	<b>\$913,942</b>	<b>\$1,145,946</b>	<b>\$14,008,377</b>

1/ Projected Capital Structure with Authorized Return on Equity

	Ratio	Cost	
Long Term Debt:	43.871%	4.647%	2.039%
Short Term Debt:	6.310%	1.463%	0.092%
Common Equity:	49.819%	9.650%	4.808%
	100.000%		6.939%

2/ Tax Rate 24.4049% (Federal Tax Rate = 21%, Tax Rate = 4.31%)  
1- tax rate 75.5951%

**Montana-Dakota Utilities Co.  
Electric Utility - North Dakota  
Renewable Resource Cost Adjustment  
Revenue Requirement - Wind Resources  
Actual/Projected Year End 2021**

	Actual					
	Jan 2021	Feb 2021	Mar 2021	Apr 2021	May 2021	June 2021
<b>Rate Base</b>						
<b>Plant Balance</b>						
Thunder Spirit Production	\$140,220,989	\$140,220,989	\$139,893,693	\$139,893,693	\$139,885,702	\$139,885,702
Thunder Spirit Transmission	5,598,849	5,598,849	5,598,849	5,598,849	5,598,849	5,598,849
Thunder Spirit Expansion	59,578,730	59,578,730	59,578,730	59,578,730	59,578,730	59,578,730
Cedar Hills Production	30,990,259	30,989,263	30,988,115	30,983,762	30,983,913	30,983,913
Diamond Willow Production	41,888,464	41,892,380	42,031,131	42,060,509	42,056,856	42,056,856
Diamond Willow Transmission	2,355,768	2,355,768	2,355,768	2,355,768	2,355,768	2,355,768
<b>Total Plant Balance</b>	<b>280,633,059</b>	<b>280,635,979</b>	<b>280,446,286</b>	<b>280,471,311</b>	<b>280,459,818</b>	<b>280,459,818</b>
<b>Accumulated Reserve</b>						
Thunder Spirit Production	\$25,019,742	\$25,545,092	\$25,685,199	\$26,151,512	\$26,617,824	\$27,084,110
Thunder Spirit Transmission	431,754	439,148	446,541	453,934	461,327	468,721
Thunder Spirit Expansion	5,353,595	5,552,191	5,750,787	5,949,382	6,147,978	6,346,574
Cedar Hills Production	14,062,038	14,158,204	14,251,909	14,344,244	14,443,609	14,542,963
Diamond Willow Production	20,195,447	20,340,654	20,489,826	20,629,576	20,772,089	20,919,494
Diamond Willow Transmission	524,535	527,635	530,735	533,836	536,936	540,036
Decommissioning Balance	1,734,761	1,783,448	1,832,135	1,880,822	1,929,509	1,978,196
<b>Total Accumulated Reserve</b>	<b>67,321,872</b>	<b>68,346,372</b>	<b>68,987,132</b>	<b>69,943,306</b>	<b>70,909,272</b>	<b>71,880,094</b>
<b>Net Plant in Service</b>	<b>\$213,311,187</b>	<b>\$212,289,607</b>	<b>\$211,459,154</b>	<b>\$210,528,005</b>	<b>\$209,550,546</b>	<b>\$208,579,724</b>
<b>Adds:</b>						
PTC Carryforward - Thunder Spirit	\$0	\$0	\$0	\$0	\$0	\$0
Def. Tax on ND Invest. Tax Credit	1,648,834	1,666,830	1,684,827	1,702,824	1,720,821	1,738,817
Def. Tax on Wind Decommissioning	445,403	457,285	469,167	481,049	492,931	504,813
Deferred Tax on Levelization Reg Liability	814,044	919,516	1,033,341	1,124,316	1,202,817	1,295,533
<b>Less:</b>						
Accum DIT - Thunder Spirit 1/	\$44,668,564	\$44,619,530	\$44,575,445	\$44,536,152	\$44,501,814	\$44,472,269
Accum DIT - Cedar/Diamond 1/	13,636,613	13,574,851	13,519,323	13,469,831	13,426,581	13,389,367
Levelization Regulatory Liability	3,335,575	3,767,753	4,234,153	4,606,928	4,928,589	5,308,494
Accum. Def. Invest. Tax Credit	5,939,809	6,018,701	6,097,592	6,176,483	6,255,374	6,334,265
<b>Total Rate Base</b>	<b>\$148,638,907</b>	<b>\$147,352,403</b>	<b>\$146,219,976</b>	<b>\$145,046,800</b>	<b>\$143,854,757</b>	<b>\$142,614,492</b>
<b>Return on Rate Base 2/</b>	<b>\$859,504</b>	<b>\$852,065</b>	<b>\$845,517</b>	<b>\$838,733</b>	<b>\$831,840</b>	<b>\$824,668</b>
<b>Expenses</b>						
<b>Operating Expenses</b>						
O&M - Thunder Spirit	\$179,642	\$192,471	\$214,560	\$211,822	\$223,066	\$226,112
O&M - Cedar Hills	28,937	25,145	35,561	37,843	19,378	19,531
O&M - Diamond Willow	40,345	31,852	36,975	36,926	37,885	34,893
<b>Total O&amp;M</b>	<b>248,924</b>	<b>249,468</b>	<b>287,096</b>	<b>286,591</b>	<b>280,329</b>	<b>280,536</b>
<b>Depreciation Expense</b>						
Thunder Spirit Production	\$467,262	\$467,403	\$467,403	\$466,312	\$466,312	\$466,286
Thunder Spirit Transmission	7,393	7,393	7,393	7,393	7,393	7,393
Thunder Spirit Expansion	198,596	198,596	198,596	198,596	198,596	198,596
Cedar Hills Production	99,446	99,443	99,440	99,435	99,422	99,422
Diamond Willow Production	147,273	146,832	146,846	147,318	147,418	147,405
Diamond Willow Transmission	3,100	3,100	3,100	3,100	3,100	3,100
Wind Decommissioning	48,687	48,687	48,687	48,687	48,687	48,687
<b>Total Depreciation</b>	<b>971,757</b>	<b>971,454</b>	<b>971,465</b>	<b>970,841</b>	<b>970,928</b>	<b>970,889</b>
Property taxes 3/	62,631	62,631	62,631	62,631	62,631	62,631
Payroll taxes	4,129	3,243	3,847	3,652	3,566	3,784
<b>Total Expenses</b>	<b>\$1,287,441</b>	<b>\$1,286,796</b>	<b>\$1,325,039</b>	<b>\$1,323,715</b>	<b>\$1,317,454</b>	<b>\$1,317,840</b>
<b>Income before Taxes (EBIT)</b>	<b>(\$1,287,441)</b>	<b>(\$1,286,796)</b>	<b>(\$1,325,039)</b>	<b>(\$1,323,715)</b>	<b>(\$1,317,454)</b>	<b>(\$1,317,840)</b>
Interest Expense 2/	263,958	261,673	259,662	257,579	255,462	253,260
AFUDC Equity Add Back	25,404	25,404	25,404	25,404	25,404	25,404
<b>Taxable income</b>	<b>(\$1,525,995)</b>	<b>(\$1,523,065)</b>	<b>(\$1,559,297)</b>	<b>(\$1,555,890)</b>	<b>(\$1,547,512)</b>	<b>(\$1,545,696)</b>
Income Taxes 4/	(\$372,418)	(\$371,702)	(\$380,545)	(\$379,713)	(\$377,669)	(\$377,226)
Less: ARAM Amortization	68,665	68,665	68,665	68,665	68,665	68,665
Production Tax Credit 5/	883,346	859,850	822,747	789,940	720,995	637,917
<b>Net Income Taxes</b>	<b>(\$1,324,429)</b>	<b>(\$1,300,217)</b>	<b>(\$1,271,957)</b>	<b>(\$1,238,318)</b>	<b>(\$1,167,329)</b>	<b>(\$1,083,808)</b>
<b>Operating Income</b>	<b>\$36,988</b>	<b>\$13,421</b>	<b>(\$53,082)</b>	<b>(\$85,397)</b>	<b>(\$150,125)</b>	<b>(\$234,032)</b>
<b>Revenue Requirement</b>	<b>\$1,088,055</b>	<b>\$1,109,389</b>	<b>\$1,188,700</b>	<b>\$1,222,473</b>	<b>\$1,298,980</b>	<b>\$1,400,488</b>

**Montana-Dakota Utilities Co.  
Electric Utility - North Dakota  
Renewable Resource Cost Adjustment  
Revenue Requirement - Wind Resources  
Actual/Projected Year End 2021**

	July 2021	Aug 2021	Sept 2021	Oct 2021	Projected Nov 2021	Projected Dec 2021	Average Balance
<b>Rate Base</b>							
Plant Balance							
Thunder Spirit Production	\$139,885,702	\$139,885,702	\$139,885,702	\$139,885,702	\$139,885,702	\$139,885,702	
Thunder Spirit Transmission	5,598,849	5,598,849	5,598,849	5,598,849	5,598,849	5,598,849	
Thunder Spirit Expansion	59,578,730	59,568,221	59,568,221	59,568,221	59,568,221	59,568,221	
Cedar Hills Production	30,983,913	30,985,346	30,985,512	30,985,512	30,985,512	30,985,512	
Diamond Willow Production	42,059,582	42,061,642	42,061,642	42,061,642	42,061,642	42,061,642	
Diamond Willow Transmission	2,355,768	2,355,768	2,355,768	2,355,768	2,355,768	2,355,768	
<b>Total Plant Balance</b>	<b>280,462,544</b>	<b>280,455,528</b>	<b>280,455,694</b>	<b>280,455,694</b>	<b>280,455,694</b>	<b>280,455,694</b>	<b>280,487,260</b>
Accumulated Reserve							
Thunder Spirit Production	\$27,550,395	\$28,016,681	\$28,482,967	\$28,949,253	\$29,415,539	\$29,881,825	
Thunder Spirit Transmission	476,114	483,507	490,900	498,293	505,686	513,079	
Thunder Spirit Expansion	6,545,170	6,743,765	6,942,326	7,140,887	7,339,448	7,538,009	
Cedar Hills Production	14,642,243	14,741,664	14,841,091	14,940,518	15,039,945	15,139,372	
Diamond Willow Production	21,066,815	21,214,152	21,361,574	21,508,996	21,656,418	21,803,840	
Diamond Willow Transmission	543,136	546,237	549,337	552,437	555,537	558,637	
Decommissioning Balance	2,026,883	2,075,570	2,124,257	2,172,944	2,221,631	2,270,318	
<b>Total Accumulated Reserve</b>	<b>72,850,756</b>	<b>73,821,576</b>	<b>74,792,452</b>	<b>75,763,328</b>	<b>76,734,204</b>	<b>77,705,080</b>	
<b>Net Plant in Service</b>	<b>\$207,611,788</b>	<b>\$206,633,952</b>	<b>\$205,663,242</b>	<b>\$204,692,366</b>	<b>\$203,721,490</b>	<b>\$202,750,614</b>	<b>208,065,973</b>
<u>Adds:</u>							
PTC Carryforward - Thunder Spirit	\$0	\$0	\$0	\$0	\$0	\$0	
Def. Tax on ND Invest. Tax Credit	1,756,814	1,774,811	1,792,808	1,810,804	1,828,801	1,846,798	
Def. Tax on Wind Decommissioning	516,695	528,577	540,459	552,341	564,223	576,105	
Deferred Tax on Levelization Reg Liability	1,397,800	1,510,498	1,604,206	1,691,523	1,778,186	1,885,338	
<u>Less:</u>							
Accum DIT - Thunder Spirit 1/	\$44,447,673	\$44,428,027	\$44,413,173	\$44,403,268	\$44,398,155	\$44,397,998	
Accum DIT - Cedar/Diamond 1/	13,358,387	13,333,641	13,314,931	13,302,455	13,296,015	13,295,817	
Levelization Regulatory Liability	5,727,540	6,189,321	6,573,294	6,931,080	7,286,186	7,725,242	
Accum. Def. Invest. Tax Credit	6,413,157	6,492,048	6,570,939	6,649,830	6,728,721	6,807,613	
<b>Total Rate Base</b>	<b>\$141,336,340</b>	<b>\$140,004,801</b>	<b>\$138,728,378</b>	<b>\$137,460,401</b>	<b>\$136,183,623</b>	<b>\$134,832,185</b>	<b>141,856,089</b>
<b>Return on Rate Base 2/</b>	<b>\$817,277</b>	<b>\$809,578</b>	<b>\$802,197</b>	<b>\$794,865</b>	<b>\$787,482</b>	<b>\$779,667</b>	<b>\$9,843,393</b>
<b>Expenses</b>							
Operating Expenses							<u>Total</u>
O&M - Thunder Spirit	\$217,730	\$221,418	\$243,230	\$214,450	\$214,450	\$721,327	
O&M - Cedar Hills	31,080	25,927	25,863	27,696	27,696	73,044	
O&M - Diamond Willow	30,649	32,017	32,590	34,904	34,904	98,028	
<b>Total O&amp;M</b>	<b>279,459</b>	<b>279,362</b>	<b>301,683</b>	<b>277,050</b>	<b>277,050</b>	<b>892,399</b>	<b>3,939,947</b>
Depreciation Expense							
Thunder Spirit Production	\$466,286	\$466,286	\$466,286	\$466,286	\$466,286	\$466,286	
Thunder Spirit Transmission	7,393	7,393	7,393	7,393	7,393	7,393	
Thunder Spirit Expansion	198,596	198,596	198,561	198,561	198,561	198,561	
Cedar Hills Production	99,422	99,422	99,427	99,427	99,427	99,427	
Diamond Willow Production	147,404	147,415	147,422	147,422	147,422	147,422	
Diamond Willow Transmission	3,100	3,100	3,100	3,100	3,100	3,100	
Wind Decommissioning	48,687	48,687	48,687	48,687	48,687	48,687	
<b>Total Depreciation</b>	<b>970,888</b>	<b>970,899</b>	<b>970,876</b>	<b>970,876</b>	<b>970,876</b>	<b>970,876</b>	<b>11,652,625</b>
Property taxes 3/	62,631	62,631	62,631	62,631	62,631	62,634	751,575
Payroll taxes	3,594	3,572	3,721	3,679	3,679	3,679	44,144
<b>Total Expenses</b>	<b>\$1,316,572</b>	<b>\$1,316,464</b>	<b>\$1,338,911</b>	<b>\$1,314,236</b>	<b>\$1,314,236</b>	<b>\$1,929,588</b>	<b>\$16,388,291</b>
Income before Taxes (EBIT)	(\$1,316,572)	(\$1,316,464)	(\$1,338,911)	(\$1,314,236)	(\$1,314,236)	(\$1,929,588)	(\$16,388,291)
Interest Expense 2/	250,990	248,625	246,358	244,107	241,839	239,439	3,022,952
AFUDC Equity Add Back	25,404	25,404	25,404	25,404	25,404	25,406	304,850
Taxable income	(\$1,542,158)	(\$1,539,685)	(\$1,559,865)	(\$1,532,939)	(\$1,530,671)	(\$2,143,621)	(\$19,106,393)
Income Taxes 4/	(\$376,362)	(\$375,759)	(\$380,683)	(\$374,112)	(\$373,559)	(\$523,148)	(\$4,662,896)
Less: ARAM Amortization	68,665	68,665	68,665	68,665	68,665	68,664	823,979
Production Tax Credit 5/	656,013	711,772	708,616	1,144,204	968,598	1,251,164	10,155,162
Net Income Taxes	(\$1,101,040)	(\$1,156,196)	(\$1,157,964)	(\$1,586,981)	(\$1,410,822)	(\$1,842,976)	(\$15,642,037)
Operating Income	(\$215,532)	(\$160,268)	(\$180,947)	\$272,745	\$96,586	(\$86,612)	(\$746,254)
<b>Revenue Requirement</b>	<b>\$1,366,238</b>	<b>\$1,282,948</b>	<b>\$1,300,539</b>	<b>\$690,679</b>	<b>\$913,942</b>	<b>\$1,145,946</b>	<b>\$14,008,377</b>

**2021 Footnotes:**

Factor 271 - Integrated Peak and Energy

2021: 70.137427%

1/ Monthly Deferred Income Tax activity is 1/12 of projected 2021 DIT activity.

	Thunder Spirit I & Expand	Cedar Hills / Diamond Willow				
Projected DIT activity 2021:	(\$997,434)	(\$1,256,340)				
ND Fac. #271:	70.137427%	70.137427%				
ND projected activity:	(\$699,575)	(\$881,165)				
Monthly:	(\$58,298)	(\$73,430)				
	January	February	March	April	May	June
	91.78%	84.11%	75.62%	67.40%	58.90%	50.68%
Thunder Spirit:	(\$53,506)	(\$49,034)	(\$44,085)	(\$39,293)	(\$34,338)	(\$29,545)
Cedar/Diamond:	(\$67,394)	(\$61,762)	(\$55,528)	(\$49,492)	(\$43,250)	(\$37,214)
	July	August	September	October	November	December
	42.19%	33.70%	25.48%	16.99%	8.77%	0.27%
Thunder Spirit:	(\$24,596)	(\$19,646)	(\$14,854)	(\$9,905)	(\$5,113)	(\$157)
Cedar/Diamond:	(\$30,980)	(\$24,746)	(\$18,710)	(\$12,476)	(\$6,440)	(\$198)

2/ Projected Capital Structure with Authorized Return on Equity.

	Ratio	Cost		
Long Term Debt:	43.871%	4.647%	2.039%	
Short Term Debt:	6.310%	1.463%	0.092%	2.131%
Common Equity:	49.819%	9.650%	4.808%	
	100.000%		6.939%	

3/ Property tax (Thunder Spirit accrues generation taxes in lieu of ad valorem taxes for production)

Thunder Spirit - Generation:	\$703,716
Cedar Hills:	35,448
Diamond Willow:	332,411
	\$1,071,575
ND Fac. #271:	70.137427%
Total North Dakota:	751,575
Monthly:	62,631

4/ Tax Rate 24.4049% (Federal Tax Rate = 21%, Tax Rate = 4.31%)  
1- tax rate 75.5951%

5/ Production Tax Credit. For 2021, only Thunder Spirit is eligible for PTCs.

	January	February	March	April	May	June
Thunder Spirit:	50,378,000	49,038,000	46,922,000	45,051,000	41,119,000	36,381,000
PTC (rate \$.025/Kwh):	\$1,259,450	\$1,225,950	\$1,173,050	\$1,126,275	\$1,027,975	\$909,525
ND PTC (Fac. #271):	\$883,346	\$859,850	\$822,747	\$789,940	\$720,995	\$637,917
	July	August	September	Projected		
				October	November	December
Thunder Spirit:	37,413,000	40,593,000	40,413,000	65,255,000	55,240,000	71,355,000
PTC (rate \$.025/Kwh):	\$935,325	\$1,014,825	\$1,010,325	\$1,631,375	\$1,381,000	\$1,783,875
ND PTC (Fac. #271):	\$656,013	\$711,772	\$708,616	\$1,144,204	\$968,598	\$1,251,164

**Montana-Dakota Utilities Co.**  
**Electric Utility - North Dakota**  
**Renewable Resource Cost Adjustment**  
**Revenue Requirement - Wind Resources**  
**Projected Year End 2022**

	Projected					
	Jan 2022	Feb 2022	Mar 2022	Apr 2022	May 2022	June 2022
<b>Rate Base</b>						
Plant Balance						
Thunder Spirit Production	\$139,885,702	\$139,885,702	\$139,885,702	\$139,885,702	\$139,885,702	\$139,885,702
Thunder Spirit Transmission	5,598,849	5,598,849	5,598,849	5,598,849	5,598,849	5,598,849
Thunder Spirit Expansion	59,568,221	59,568,221	59,568,221	59,568,221	59,568,221	59,568,221
Cedar Hills Production	30,985,512	30,985,512	30,985,512	30,985,512	30,985,512	30,985,512
Diamond Willow Production	42,061,642	42,061,642	42,061,642	42,061,642	42,061,642	42,061,642
Diamond Willow Transmission	2,355,768	2,355,768	2,355,768	2,355,768	2,355,768	2,355,768
<b>Total Plant Balance</b>	<b>280,455,694</b>	<b>280,455,694</b>	<b>280,455,694</b>	<b>280,455,694</b>	<b>280,455,694</b>	<b>280,455,694</b>
Accumulated Reserve						
Thunder Spirit Production	\$30,348,111	\$30,814,397	\$31,280,683	\$31,746,969	\$32,213,255	\$32,679,541
Thunder Spirit Transmission	520,472	527,865	535,258	542,651	550,044	557,437
Thunder Spirit Expansion	7,736,570	7,935,131	8,133,692	8,332,253	8,530,814	8,729,375
Cedar Hills Production	15,238,799	15,338,226	15,437,653	15,537,080	15,636,507	15,735,934
Diamond Willow Production	21,951,262	22,098,684	22,246,106	22,393,528	22,540,950	22,688,372
Diamond Willow Transmission	561,737	564,837	567,937	571,037	574,137	577,237
Decommissioning Balance	2,319,005	2,367,692	2,416,379	2,465,066	2,513,753	2,562,440
<b>Total Accumulated Reserve</b>	<b>78,675,956</b>	<b>79,646,832</b>	<b>80,617,708</b>	<b>81,588,584</b>	<b>82,559,460</b>	<b>83,530,336</b>
<b>Net Plant in Service</b>	<b>\$201,779,738</b>	<b>\$200,808,862</b>	<b>\$199,837,986</b>	<b>\$198,867,110</b>	<b>\$197,896,234</b>	<b>\$196,925,358</b>
<u>Adds:</u>						
PTC Carryforward - Thunder Spirit	\$0	\$0	\$0	\$0	\$0	\$0
Def. Tax on ND Invest. Tax Credit 1/	1,864,466	1,882,134	1,899,802	1,917,470	1,935,138	1,952,806
Def. Tax on Wind Decommissioning	587,987	599,869	611,751	623,633	635,515	647,397
Deferred Tax on Levelization Reg Liability	2,036,427	2,172,886	2,320,150	2,437,852	2,539,416	2,659,369
<u>Less:</u>						
Accum DIT - Thunder Spirit 2/	\$43,943,451	\$43,871,013	\$43,805,887	\$43,747,840	\$43,697,114	\$43,653,467
Accum DIT - Cedar/Diamond 2/	12,801,383	12,781,717	12,764,036	12,748,277	12,734,506	12,722,657
Levelization Regulatory Liability	8,344,335	8,903,481	9,506,902	9,989,192	10,405,352	10,896,867
Accum. Def. Invest. Tax Credit 1/	6,880,010	6,952,407	7,024,804	7,097,201	7,169,598	7,241,995
<b>Total Rate Base</b>	<b>\$134,299,439</b>	<b>\$132,955,133</b>	<b>\$131,568,060</b>	<b>\$130,263,555</b>	<b>\$128,999,733</b>	<b>\$127,669,944</b>
<b>Return on Rate Base 3/</b>	<b>\$794,045</b>	<b>\$786,097</b>	<b>\$777,896</b>	<b>\$770,183</b>	<b>\$762,711</b>	<b>\$754,849</b>
<b>Expenses</b>						
Operating Expenses 4/						
O&M - Thunder Spirit	\$214,331	\$214,331	\$214,331	\$214,331	\$214,331	\$214,331
O&M - Cedar Hills	24,752	24,752	24,752	24,752	24,752	24,752
O&M - Diamond Willow	32,321	32,321	32,321	32,321	32,321	32,321
<b>Total O&amp;M</b>	<b>271,404</b>	<b>271,404</b>	<b>271,404</b>	<b>271,404</b>	<b>271,404</b>	<b>271,404</b>
Depreciation Expense						
Thunder Spirit Production	\$466,286	\$466,286	\$466,286	\$466,286	\$466,286	\$466,286
Thunder Spirit Transmission	7,393	7,393	7,393	7,393	7,393	7,393
Thunder Spirit Expansion	198,561	198,561	198,561	198,561	198,561	198,561
Cedar Hills Production	99,427	99,427	99,427	99,427	99,427	99,427
Diamond Willow Production	147,422	147,422	147,422	147,422	147,422	147,422
Diamond Willow Transmission	3,100	3,100	3,100	3,100	3,100	3,100
Wind Decommissioning	48,687	48,687	48,687	48,687	48,687	48,687
<b>Total Depreciation</b>	<b>970,876</b>	<b>970,876</b>	<b>970,876</b>	<b>970,876</b>	<b>970,876</b>	<b>970,876</b>
Property taxes	62,631	62,631	62,631	62,631	62,631	62,631
Payroll taxes	3,679	3,679	3,679	3,679	3,679	3,679
<b>Total Expenses</b>	<b>\$1,308,590</b>	<b>\$1,308,590</b>	<b>\$1,308,590</b>	<b>\$1,308,590</b>	<b>\$1,308,590</b>	<b>\$1,308,590</b>
Income before Taxes (EBIT)	(\$1,308,590)	(\$1,308,590)	(\$1,308,590)	(\$1,308,590)	(\$1,308,590)	(\$1,308,590)
Interest Expense 3/	241,515	239,098	236,603	234,257	231,985	229,593
AFUDC Equity Add Back	22,339	22,339	22,339	22,339	22,339	22,339
<b>Taxable income</b>	<b>(\$1,527,766)</b>	<b>(\$1,525,349)</b>	<b>(\$1,522,854)</b>	<b>(\$1,520,508)</b>	<b>(\$1,518,236)</b>	<b>(\$1,515,844)</b>
Income Taxes 5/	(\$372,850)	(\$372,260)	(\$371,651)	(\$371,078)	(\$370,524)	(\$369,940)
Less: ARAM Amortization	68,514	68,514	68,514	68,514	68,514	68,514
Production Tax Credit 6/	1,190,758	775,071	853,397	705,144	826,727	732,165
<b>Net Income Taxes</b>	<b>(\$1,632,122)</b>	<b>(\$1,215,845)</b>	<b>(\$1,293,562)</b>	<b>(\$1,144,736)</b>	<b>(\$1,265,765)</b>	<b>(\$1,170,619)</b>
<b>Operating Income</b>	<b>\$323,532</b>	<b>(\$92,745)</b>	<b>(\$15,028)</b>	<b>(\$163,854)</b>	<b>(\$42,825)</b>	<b>(\$137,971)</b>
<b>Revenue Requirement</b>	<b>\$622,412</b>	<b>\$1,162,564</b>	<b>\$1,048,909</b>	<b>\$1,235,578</b>	<b>\$1,065,592</b>	<b>\$1,181,055</b>

**Montana-Dakota Utilities Co.**  
**Electric Utility - North Dakota**  
**Renewable Resource Cost Adjustment**  
**Revenue Requirement - Wind Resources**  
**Projected Year End 2022**

	Projected						Average Balance
	July 2022	Aug 2022	Sept 2022	Oct 2022	Nov 2022	Dec 2022	
<b>Rate Base</b>							
Plant Balance							
Thunder Spirit Production	\$139,885,702	\$139,885,702	\$139,885,702	\$141,162,285	\$141,162,285	\$141,162,285	
Thunder Spirit Transmission	5,598,849	5,598,849	5,598,849	5,598,849	5,598,849	5,598,849	
Thunder Spirit Expansion	59,568,221	59,568,221	59,568,221	59,568,221	59,568,221	59,568,221	
Cedar Hills Production	30,985,512	31,973,988	31,973,988	31,973,988	31,973,988	31,973,988	
Diamond Willow Production	42,061,642	42,585,802	42,585,802	40,238,302	40,238,302	40,238,302	
Diamond Willow Transmission	2,355,768	2,355,768	2,355,768	2,355,768	2,355,768	2,355,768	
<b>Total Plant Balance</b>	<b>280,455,694</b>	<b>281,968,330</b>	<b>281,968,330</b>	<b>280,897,413</b>	<b>280,897,413</b>	<b>280,897,413</b>	<b>280,818,230</b>
Accumulated Reserve							
Thunder Spirit Production	\$33,145,827	\$33,612,113	\$34,078,399	\$34,544,685	\$35,015,226	\$35,485,767	
Thunder Spirit Transmission	564,830	572,223	579,616	587,009	594,402	601,795	
Thunder Spirit Expansion	8,927,936	9,126,497	9,325,058	9,523,619	9,722,180	9,920,741	
Cedar Hills Production	15,835,361	15,934,788	16,037,353	16,139,918	16,242,483	16,345,048	
Diamond Willow Production	22,835,794	22,983,216	23,132,477	9,986,487	10,127,512	10,268,537	
Diamond Willow Transmission	580,337	583,437	586,537	589,637	592,737	595,837	
Decommissioning Balance	2,611,127	2,659,814	2,708,501	2,757,188	2,805,875	2,854,562	
<b>Total Accumulated Reserve</b>	<b>84,501,212</b>	<b>85,472,088</b>	<b>86,447,941</b>	<b>74,128,543</b>	<b>75,100,415</b>	<b>76,072,287</b>	
<b>Net Plant in Service</b>	<b>\$195,954,482</b>	<b>\$196,496,242</b>	<b>\$195,520,389</b>	<b>\$206,768,870</b>	<b>\$205,796,998</b>	<b>\$204,825,126</b>	<b>200,123,116</b>
<b>Adds:</b>							
PTC Carryforward - Thunder Spirit	\$0	\$0	\$0	\$0	\$0	\$0	
Def. Tax on ND Invest. Tax Credit 1/	1,970,474	1,988,142	2,005,810	2,023,478	2,041,146	2,058,814	
Def. Tax on Wind Decommissioning	659,279	671,161	683,043	694,925	706,807	718,689	
Deferred Tax on Levelization Reg Liability	2,791,682	2,937,488	3,058,727	3,171,696	3,283,820	3,422,451	
<b>Less:</b>							
Accum DIT - Thunder Spirit 2/	\$43,617,132	\$43,588,109	\$43,566,165	\$43,551,533	\$43,543,980	\$43,543,747	
Accum DIT - Cedar/Diamond 2/	12,712,793	12,704,914	12,698,957	12,694,985	12,692,934	12,692,871	
Levelization Regulatory Liability	11,439,023	12,036,469	12,533,248	12,996,146	13,455,577	14,023,622	
Accum. Def. Invest. Tax Credit 1/	7,314,392	7,386,789	7,459,186	7,531,583	7,603,980	7,676,377	
<b>Total Rate Base</b>	<b>\$126,292,577</b>	<b>\$126,376,752</b>	<b>\$125,010,413</b>	<b>\$135,884,722</b>	<b>\$134,532,300</b>	<b>\$133,088,463</b>	<b>130,578,424</b>
<b>Return on Rate Base 3/</b>	<b>\$746,705</b>	<b>\$747,203</b>	<b>\$739,124</b>	<b>\$803,418</b>	<b>\$795,422</b>	<b>\$786,886</b>	<b>\$9,264,539</b>
<b>Expenses</b>							
Operating Expenses 4/							Total
O&M - Thunder Spirit	\$214,331	\$214,331	\$214,331	\$214,331	\$214,331	\$697,490	
O&M - Cedar Hills	24,752	24,752	24,752	24,752	24,752	71,006	
O&M - Diamond Willow	32,321	32,321	32,321	32,321	32,321	95,445	
<b>Total O&amp;M</b>	<b>271,404</b>	<b>271,404</b>	<b>271,404</b>	<b>271,404</b>	<b>271,404</b>	<b>863,941</b>	<b>3,849,385</b>
Depreciation Expense							
Thunder Spirit Production	\$466,286	\$466,286	\$466,286	\$466,286	\$470,541	\$470,541	
Thunder Spirit Transmission	7,393	7,393	7,393	7,393	7,393	7,393	
Thunder Spirit Expansion	198,561	198,561	198,561	198,561	198,561	198,561	
Cedar Hills Production	99,427	99,427	102,565	102,565	102,565	102,565	
Diamond Willow Production	147,422	147,422	149,261	149,261	141,025	141,025	
Diamond Willow Transmission	3,100	3,100	3,100	3,100	3,100	3,100	
Wind Decommissioning	48,687	48,687	48,687	48,687	48,687	48,687	
<b>Total Depreciation</b>	<b>970,876</b>	<b>970,876</b>	<b>975,853</b>	<b>975,853</b>	<b>971,872</b>	<b>971,872</b>	<b>11,662,458</b>
Property taxes	62,631	62,631	62,631	62,631	62,631	62,634	751,575
Payroll taxes	3,679	3,679	3,679	3,679	3,679	3,679	44,144
<b>Total Expenses</b>	<b>\$1,308,590</b>	<b>\$1,308,590</b>	<b>\$1,313,567</b>	<b>\$1,313,567</b>	<b>\$1,309,586</b>	<b>\$1,902,126</b>	<b>\$16,307,562</b>
Income before Taxes (EBIT)	(\$1,308,590)	(\$1,308,590)	(\$1,313,567)	(\$1,313,567)	(\$1,309,586)	(\$1,902,126)	(\$16,307,562)
Interest Expense 3/	227,116	227,268	224,810	244,366	241,934	239,337	2,817,882
AFUDC Equity Add Back	22,339	22,339	22,339	22,339	22,339	22,341	268,070
<b>Taxable income</b>	<b>(\$1,513,367)</b>	<b>(\$1,513,519)</b>	<b>(\$1,516,038)</b>	<b>(\$1,535,594)</b>	<b>(\$1,529,181)</b>	<b>(\$2,119,122)</b>	<b>(\$18,857,374)</b>
Income Taxes 5/	(\$369,336)	(\$369,373)	(\$369,987)	(\$374,760)	(\$373,195)	(\$517,170)	(\$4,602,124)
Less: ARAM Amortization	68,514	68,514	68,514	68,514	68,514	68,520	822,174
Production Tax Credit 6/	734,935	582,912	721,591	1,254,515	1,050,451	1,376,334	10,804,000
<b>Net Income Taxes</b>	<b>(\$1,172,785)</b>	<b>(\$1,020,799)</b>	<b>(\$1,160,092)</b>	<b>(\$1,697,789)</b>	<b>(\$1,492,160)</b>	<b>(\$1,962,024)</b>	<b>(\$16,228,298)</b>
<b>Operating Income</b>	<b>(\$135,805)</b>	<b>(\$287,791)</b>	<b>(\$153,475)</b>	<b>\$384,222</b>	<b>\$182,574</b>	<b>\$59,898</b>	<b>(\$79,264)</b>
<b>Revenue Requirement</b>	<b>\$1,167,416</b>	<b>\$1,369,128</b>	<b>\$1,180,763</b>	<b>\$554,528</b>	<b>\$810,698</b>	<b>\$961,686</b>	<b>\$12,360,329</b>

**2022 Footnotes:**

Factor 271 - Integrated Peak and Energy

2021: 70.137427%

1/ Investment Tax Credit:

Projected 2022 Activity: 868,764  
Monthly Amortization: 72,397

Monthly Deferred Tax Amortization: 17,668

2/ Monthly Deferred Income Tax activity is 1/12 of projected 2022 DIT activity.

	Thunder Spirit I & Expand	Cedar Hills / Diamond Willow				
Projected DIT activity 2022:	(\$1,473,499)	(\$400,032)				
ND Fac. #271:	70.137427%	70.137427%				
ND projected activity:	(\$1,033,474)	(\$280,572)				
Monthly:	(\$86,123)	(\$23,381)				
	January	February	March	April	May	June
	91.78%	84.11%	75.62%	67.40%	58.90%	50.68%
Thunder Spirit:	(\$79,044)	(\$72,438)	(\$65,126)	(\$58,047)	(\$50,726)	(\$43,647)
Cedar/Diamond:	(\$21,459)	(\$19,666)	(\$17,681)	(\$15,759)	(\$13,771)	(\$11,849)
	July	August	September	October	November	December
	42.19%	33.70%	25.48%	16.99%	8.77%	0.27%
Thunder Spirit:	(\$36,335)	(\$29,023)	(\$21,944)	(\$14,632)	(\$7,553)	(\$233)
Cedar/Diamond:	(\$9,864)	(\$7,879)	(\$5,957)	(\$3,972)	(\$2,051)	(\$63)

3/ Projected Capital Structure with Authorized Return on Equity

	Ratio	Cost	
Long Term Debt:	47.152%	4.508%	2.126%
Short Term Debt:	1.689%	1.909%	0.032%
Common Equity:	51.159%	9.650%	4.937%
	100.000%		7.095%
			2.158%

4/ Projected O&M - 2022

	Thunder Spirit	Cedar Hills	Diamond Willow
Projected O&M:	\$3,667,048	\$423,492	\$552,983
ND Factor #271:	70.137427%	70.137427%	70.137427%
Budgeted ND O&M:	\$2,571,973	\$297,026	\$387,848
Monthly Budgeted O&M:	\$214,331	\$24,752	\$32,321
Annual Easement (ND Allocated):	483,159	46,254	63,124
December O&M:	\$697,490	\$71,006	\$95,445

5/ Tax Rate  
1- tax rate

24.4049% (Federal Tax Rate = 21%, Tax Rate = 4.31%)  
75.5951%

6/ Production Tax Credit. For 2022, Thunder Spirit is eligible for PTCs at full rate. Diamond Willow Phase 1 turbines eligible for PTCs at 80% of full rate when repower project is placed into service. See Exhibit 7 for proposed Diamond Willow levelization adjustment.

	January	February	March	April	May	June
Thunder Spirit:	67,910,000	44,203,000	48,670,000	40,215,000	47,149,000	41,756,000
Projected PTC (rate \$.025/Kwh):	\$1,697,750	\$1,105,075	\$1,216,750	\$1,005,375	\$1,178,725	\$1,043,900
Projected ND PTC (Fac. #271):	\$1,190,758	\$775,071	\$853,397	\$705,144	\$826,727	\$732,165
	July	August	September	October	November	December
Thunder Spirit:	41,914,000	33,244,000	41,153,000	65,255,000	55,240,000	71,355,000
Projected PTC (rate \$.025/Kwh):	\$1,047,850	\$831,100	\$1,028,825	\$1,631,375	\$1,381,000	\$1,783,875
Projected ND PTC (Fac. #271):	\$734,935	\$582,912	\$721,591	\$1,144,204	\$968,598	\$1,251,164
	October	November	December			
Diamond Willow (Eligible for PTC):	7,863,900	5,835,200	8,923,200			
Projected PTC (rate \$.020/Kwh):	\$157,278	\$116,704	\$178,464			
Projected ND PTC (Fac. #271):	\$110,311	\$81,853	\$125,170			

**PLANT / DEPRECIATION ADDITIONS - 2022  
NORTH DAKOTA RENEWABLE RIDER  
PROJECTED YEAR 2022**

**Thunder Spirit Additions:**

FP-319675 Light Mitigation

Plant:	\$1,820,116
ND Fac. #271:	<u>70.137427%</u>
ND Plant:	\$1,276,583 1/
Depreciation rate:	<u>4.00%</u>
Annual ND Depreciation:	\$51,063
Monthly Depreciation:	\$4,255 1/

1/ Plant balance estimated in service October 2022.  
Depreciation expense begins November 2022.

**Cedar Hills Additions:**

FP-317083 Replace Gearbox

Plant:	\$1,069,657
ND Fac. #271:	<u>70.137427%</u>
ND Plant:	\$750,230 2/
Depreciation rate:	<u>3.81%</u>
Annual ND Depreciation:	\$28,584
Monthly Depreciation:	\$2,382 2/

FP-320917 - Replace Generator

Plant:	\$339,685
ND Fac. #271:	<u>70.137427%</u>
ND Plant:	\$238,246 2/
Depreciation rate:	<u>3.81%</u>
Annual ND Depreciation:	\$9,077
Monthly Depreciation:	\$756 2/

2/ Plant balance estimated in service August 2022.  
Depreciation expense begins September 2022.

**Diamond Willow Retirement Adjustment:**

Book Plant Retirement:	\$18,956,000
ND Fac. #271:	<u>70.137427%</u>
Reduction to ND Plant and Reserve:	\$13,295,251 5/
Depreciation rate:	<u>4.21%</u>
Annual Reduction to ND Depr Expense:	\$559,730
Monthly Reduction to ND Depr Expense:	\$46,644 5/

5/ Reduction to the Diamond Willow Production plant and reserve balance in October 2022. The reduction to depreciation expense begins in November 2022.

**Diamond Willow Additions:**

FP-317087 - Replace Gearbox

Plant:	\$412,089
ND Fac. #271:	<u>70.137427%</u>
ND Plant:	\$289,029 3/
Depreciation rate:	<u>4.21%</u>
Annual ND Depreciation:	\$12,168
Monthly Depreciation:	\$1,014 3/

FP-321002 - Replace Generator

Plant:	\$335,243
ND Fac. #271:	<u>70.137427%</u>
ND Plant:	\$235,131 3/
Depreciation rate:	<u>4.21%</u>
Annual ND Depreciation:	\$9,899
Monthly Depreciation:	\$825 3/

FP-319115 - Phase 1 Repower

Plant:	\$15,609,000
ND Fac. #271:	<u>70.137427%</u>
ND Plant:	\$10,947,751 4/
Depreciation rate:	<u>4.21%</u>
Annual ND Depreciation:	\$460,900
Monthly Depreciation:	\$38,408 4/

3/ Plant balance estimated in service August 2022.  
Depreciation expense begins September 2022.  
4/ Plant balance estimated in service October 2022.  
Depreciation expense begins November 2022.

**REVENUE REQUIREMENT LEVELIZATION ADJUSTMENT  
NORTH DAKOTA RENEWABLE RIDER**

**Thunder Spirit:**

Estimated total PTC value, 2020 - 2028

Year	PTC Total	
2020	\$10,454,846	1/
2021	10,155,162	1/
2022	10,486,666	2/
2023	10,417,805	3/
2024	10,417,805	3/
2025	10,417,805	3/
2026	3,125,342	3/
2027	3,125,342	3/
2028	3,125,342	3/
Total Thunder Spirit PTC Value: \$71,726,115		
	8.2%	4/
	\$5,881,541	

Difference, 2022 Projected to 2022 Levelized: \$4,605,125

2022 Levelized - Grossed Up for Tax: \$6,091,830

1/ Reflects actual PTC through September 2021, projected October - December 2021.

2/ Reflects updated projected PTC for 2022.

3/ Estimated annual PTCs.

4/ 2022 levelization factor per Commission's Order in Case No. PU-19-355.

**Diamond Willow:(proposed)**

Estimated total PTC value, 2022 - 2032

Year	PTC Total	
2022	\$317,334	5/
2023	895,510	5/
2024	895,510	5/
2025	895,510	5/
2026	895,510	5/
2027	895,510	5/
2028	895,510	5/
2029	895,510	5/
2030	895,510	5/
2031	895,510	5/
2032	578,176	5/
Total Diamond Willow PTC Value: \$8,955,100		
	1.8%	
	\$161,192	

Difference, 2022 Projected to 2022 Levelized: \$156,142

2022 Levelized - Grossed Up for Tax: \$206,550

5/ Reflects estimated PTC by year through 2032.  
See Exhibit 7, page 1.

## Notice of Annual Update to the Renewable Resource Cost Adjustment with the North Dakota Public Service Commission

On November 1, 2021, Montana-Dakota Utilities Co. (Montana-Dakota) filed an application with the North Dakota Public Service Commission (Commission) to update its Renewable Resource Cost Adjustment (RRCA) rates in accordance with the Company's Renewable Resource Cost Adjustment Rate 55 tariff that states the rates will be revised annually to reflect the most recent projected level of costs to be recovered.

The proposed Renewable Resource Cost Adjustment rates reflect North Dakota's allocation of the Company's investments in its three wind facilities (Diamond Willow, Cedar Hills, and Thunder Spirit) currently not being recovered through the Company's electric service rates and the amortization of the over-recovered RRCA balance through January 2022.

Montana-Dakota has requested the proposed RRCA rates be effective with service rendered on and after February 1, 2022, subject to Commission review and approval. This change is only being proposed at this time and, if rates are suspended by the Commission, the new rates will not be effective until Commission action has been taken.

If approved, a typical residential customer using 894 Kwh will see a decrease of \$1.20 per month, or \$14.40 annually. The RRCA is shown as a separate line item on your bill.

	Residential & Small General
Applicable Rate Schedules	10, 13, 16, 20, 25, & 40
Current Rate	\$0.01033 per Kwh
Proposed Rate	\$0.00899 per Kwh
Change	(\$0.00134) per Kwh
	Large General
Applicable Rate Schedules	30, 31, 32, 38, 48, and contracts
Current Rate	\$0.00976 per Kwh
Proposed Rate	\$0.00838 per Kwh
Change	(\$0.00138) per Kwh
	Lighting
Applicable Rate Schedules	41 & 52
Current Rate	\$0.01221 per Kwh
Proposed Rate	\$0.01161 per Kwh
Change	(\$0.00060) per Kwh

For more information, please contact a Montana-Dakota representative at 1-800-638-3278.

**Montana-Dakota Utilities Co.**  
**Electric Utility - North Dakota**  
**Renewable Resource Cost Adjustment**  
**Revenue Requirement - Diamond Willow Wind with Repower Project**  
**Projected Forecast to 2035**  
**Levelization by Declining PTCs Similar to Return**

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
<b>Rate Base</b>															
Plant Balance															
Diamond Willow Production 1/	\$42,061,642	\$41,998,927	\$40,388,302	\$40,538,302	\$41,038,302	\$41,188,302	\$41,338,302	\$41,838,302	\$41,988,302	\$42,138,302	\$42,638,302	\$42,788,302	\$42,938,302	\$43,438,302	\$43,588,302
Diamond Willow Transmission	2,355,768	2,355,768	2,355,768	2,355,768	2,355,768	2,355,768	2,355,768	2,355,768	2,355,768	2,355,768	2,355,768	2,355,768	2,355,768	2,355,768	2,355,768
<b>Total Plant Balance</b>	<b>44,417,410</b>	<b>44,354,695</b>	<b>42,744,070</b>	<b>42,894,070</b>	<b>43,394,070</b>	<b>43,544,070</b>	<b>43,694,070</b>	<b>44,194,070</b>	<b>44,344,070</b>	<b>44,494,070</b>	<b>44,994,070</b>	<b>45,144,070</b>	<b>45,294,070</b>	<b>45,794,070</b>	<b>45,944,070</b>
<b>Accumulated Reserve</b>															
Diamond Willow Production	\$21,803,812	\$20,239,947	\$11,967,124	\$13,672,054	\$15,398,034	\$17,130,329	\$18,868,939	\$20,628,599	\$22,394,574	\$24,166,864	\$25,960,204	\$27,759,859	\$29,565,829	\$31,392,849	\$33,226,184
Diamond Willow Transmission	558,637	595,837	633,037	670,237	707,437	744,637	781,837	819,037	856,237	893,437	930,637	967,837	1,005,037	1,042,237	1,079,437
Decommissioning Balance	593,378	728,289	863,200	998,111	1,133,022	1,267,933	1,402,844	1,537,755	1,672,666	1,807,577	1,942,488	2,077,399	2,212,310	2,347,221	2,482,132
<b>Total Accumulated Reserve</b>	<b>22,955,827</b>	<b>21,564,073</b>	<b>13,463,361</b>	<b>15,340,402</b>	<b>17,238,493</b>	<b>19,142,899</b>	<b>21,053,620</b>	<b>22,985,391</b>	<b>24,923,477</b>	<b>26,867,878</b>	<b>28,833,329</b>	<b>30,805,095</b>	<b>32,783,176</b>	<b>34,782,307</b>	<b>36,787,753</b>
Net Plant in Service	\$21,461,583	\$22,790,622	\$29,280,709	\$27,553,668	\$26,155,577	\$24,401,171	\$22,640,450	\$21,208,679	\$19,420,593	\$17,626,192	\$16,160,741	\$14,338,975	\$12,510,894	\$11,011,763	\$9,156,317
<b>Adds:</b>															
Def. Tax on Wind Decommissioning	144,813	177,738	210,663	243,588	276,513	309,438	342,363	375,288	408,212	441,137	474,062	506,987	539,912	572,837	605,762
Less:															
Accum DIT - Diamond 2/	7,771,925	7,601,870	7,626,669	7,493,096	7,154,330	6,815,564	6,322,903	5,676,347	5,029,791	4,383,235	3,736,679	3,090,123	2,443,567	1,797,011	1,150,455
<b>Total Rate Base</b>	<b>\$13,834,471</b>	<b>\$15,366,490</b>	<b>\$21,864,703</b>	<b>\$20,304,160</b>	<b>\$19,277,760</b>	<b>\$17,895,045</b>	<b>\$16,659,910</b>	<b>\$15,907,620</b>	<b>\$14,799,014</b>	<b>\$13,684,094</b>	<b>\$12,898,124</b>	<b>\$11,755,839</b>	<b>\$10,607,239</b>	<b>\$9,787,589</b>	<b>\$8,611,624</b>
<b>Return on Rate Base 3/</b>	<b>\$981,556</b>	<b>\$1,090,252</b>	<b>\$1,551,301</b>	<b>\$1,440,580</b>	<b>\$1,367,757</b>	<b>\$1,269,653</b>	<b>\$1,182,021</b>	<b>\$1,128,646</b>	<b>\$1,049,990</b>	<b>\$970,886</b>	<b>\$915,122</b>	<b>\$834,077</b>	<b>\$752,584</b>	<b>\$694,429</b>	<b>\$610,995</b>
<b>Expenses</b>															
Operating Expenses															
O&M - Diamond Willow 4/	\$481,203	\$450,972	\$466,756	\$483,092	\$500,000	\$517,500	\$535,613	\$554,359	\$573,762	\$593,844	\$614,629	\$636,141	\$658,406	\$681,450	\$705,301
<b>Depreciation Expense</b>															
Diamond Willow Production 1/	1,767,571	1,759,948	1,698,615	1,704,930	1,725,980	1,732,295	1,738,610	1,759,660	1,765,975	1,772,290	1,793,340	1,799,655	1,805,970	1,827,020	1,833,335
Diamond Willow Transmission	37,200	37,200	37,200	37,200	37,200	37,200	37,200	37,200	37,200	37,200	37,200	37,200	37,200	37,200	37,200
Wind Decommissioning	134,911	134,911	134,911	134,911	134,911	134,911	134,911	134,911	134,911	134,911	134,911	134,911	134,911	134,911	134,911
<b>Total Depreciation</b>	<b>1,939,682</b>	<b>1,932,059</b>	<b>1,870,726</b>	<b>1,877,041</b>	<b>1,898,091</b>	<b>1,904,406</b>	<b>1,910,721</b>	<b>1,931,771</b>	<b>1,938,086</b>	<b>1,944,401</b>	<b>1,965,451</b>	<b>1,971,766</b>	<b>1,978,081</b>	<b>1,999,131</b>	<b>2,005,446</b>
Property taxes 5/	233,145	240,139	247,343	254,763	262,406	270,278	278,386	286,738	295,340	304,200	313,326	322,726	332,408	342,380	352,651
Payroll taxes 5/	19,544	20,130	20,734	21,356	21,997	22,657	23,337	24,037	24,758	25,501	26,266	27,054	27,866	28,702	29,563
<b>Total Expenses</b>	<b>\$2,673,574</b>	<b>\$2,643,300</b>	<b>\$2,605,559</b>	<b>\$2,636,252</b>	<b>\$2,682,494</b>	<b>\$2,714,841</b>	<b>\$2,748,057</b>	<b>\$2,796,905</b>	<b>\$2,831,946</b>	<b>\$2,867,946</b>	<b>\$2,919,672</b>	<b>\$2,957,687</b>	<b>\$2,996,761</b>	<b>\$3,051,663</b>	<b>\$3,092,961</b>
Income before Taxes (EBIT)	(\$2,673,574)	(\$2,643,300)	(\$2,605,559)	(\$2,636,252)	(\$2,682,494)	(\$2,714,841)	(\$2,748,057)	(\$2,796,905)	(\$2,831,946)	(\$2,867,946)	(\$2,919,672)	(\$2,957,687)	(\$2,996,761)	(\$3,051,663)	(\$3,092,961)
Interest Expense	298,548	331,609	471,840	438,164	416,014	386,175	359,521	343,286	319,363	295,303	278,342	253,691	228,904	211,216	185,839
AFUDC Equity Add Back	107,968	85,290	104,520	99,259	99,259	99,259	99,259	99,259	99,259	99,259	99,259	99,259	99,259	99,259	99,259
<b>Taxable income</b>	<b>(\$2,864,154)</b>	<b>(\$2,889,619)</b>	<b>(\$2,972,879)</b>	<b>(\$2,975,157)</b>	<b>(\$2,999,249)</b>	<b>(\$3,001,757)</b>	<b>(\$3,008,319)</b>	<b>(\$3,040,932)</b>	<b>(\$3,052,050)</b>	<b>(\$3,063,990)</b>	<b>(\$3,098,755)</b>	<b>(\$3,112,119)</b>	<b>(\$3,126,406)</b>	<b>(\$3,163,620)</b>	<b>(\$3,179,541)</b>
Income Taxes 6/	(\$698,994)	(\$705,209)	(\$725,528)	(\$726,084)	(\$731,964)	(\$732,576)	(\$734,177)	(\$742,136)	(\$744,850)	(\$747,764)	(\$756,248)	(\$759,509)	(\$762,996)	(\$772,078)	(\$775,964)
Less: ARAM Amortization	194,850	188,990	190,526	191,455	191,455	191,455	191,455	191,455	191,455	191,455	191,455	191,455	191,455	191,455	191,455
Production Tax Credit 7/	0	317,334	895,510	895,510	895,510	895,510	895,510	895,510	895,510	895,510	895,510	578,176	0	0	0
<b>Net Income Taxes</b>	<b>(\$893,844)</b>	<b>(\$1,211,533)</b>	<b>(\$1,811,564)</b>	<b>(\$1,813,049)</b>	<b>(\$1,818,929)</b>	<b>(\$1,819,541)</b>	<b>(\$1,821,142)</b>	<b>(\$1,829,101)</b>	<b>(\$1,831,815)</b>	<b>(\$1,834,729)</b>	<b>(\$1,843,213)</b>	<b>(\$1,529,140)</b>	<b>(\$954,451)</b>	<b>(\$963,533)</b>	<b>(\$967,419)</b>
<b>Operating Income</b>	<b>(\$1,779,730)</b>	<b>(\$1,431,767)</b>	<b>(\$793,995)</b>	<b>(\$823,203)</b>	<b>(\$863,565)</b>	<b>(\$895,300)</b>	<b>(\$926,915)</b>	<b>(\$967,804)</b>	<b>(\$1,000,131)</b>	<b>(\$1,033,217)</b>	<b>(\$1,076,459)</b>	<b>(\$1,428,547)</b>	<b>(\$2,042,310)</b>	<b>(\$2,088,130)</b>	<b>(\$2,125,542)</b>
<b>Revenue Requirement</b>	<b>\$3,652,731</b>	<b>\$3,336,220</b>	<b>\$3,102,444</b>	<b>\$2,994,616</b>	<b>\$2,951,675</b>	<b>\$2,863,880</b>	<b>\$2,789,778</b>	<b>\$2,773,261</b>	<b>\$2,711,976</b>	<b>\$2,651,101</b>	<b>\$2,634,537</b>	<b>\$2,993,082</b>	<b>\$3,697,189</b>	<b>\$3,680,872</b>	<b>\$3,619,992</b>

<b>Traditional Revenue Requirement</b>															
Return Requirement	\$1,298,439	\$1,442,226	\$2,052,118	\$1,905,653	\$1,809,320	\$1,679,544	\$1,563,621	\$1,493,015	\$1,388,966	\$1,284,324	\$1,210,557	\$1,103,348	\$995,546	\$918,616	\$808,247
Operating Income	2,354,293	2,313,776	2,234,940	2,273,577	2,326,969	2,368,949	2,410,771	2,464,860	2,507,624	2,551,391	2,608,593	2,654,567	2,701,643	2,762,255	2,811,745
PTCs adj. to Rev Req	0	(419,781)	(1,184,614)	(1,184,614)	(1,184,614)	(1,184,614)	(1,184,614)	(1,184,614)	(1,184,614)	(1,184,614)	(1,184,614)	(764,833)	0	0	0
<b>Revenue Requirement</b>	<b>\$3,652,732</b>	<b>\$3,336,221</b>	<b>\$3,102,444</b>	<b>\$2,994,616</b>	<b>\$2,951,675</b>	<b>\$2,863,879</b>	<b>\$2,789,778</b>	<b>\$2,773,261</b>	<b>\$2,711,976</b>	<b>\$2,651,101</b>	<b>\$2,634,536</b>	<b>\$2,993,082</b>	<b>\$3,697,189</b>	<b>\$3,680,871</b>	<b>\$3,619,992</b>

<b>Declining PTCs (Similar to Return)</b>															
		\$164,274	\$990,498	\$919,803	\$873,306	\$810,667	\$754,714	\$720,635	\$670,414	\$619,906	\$584,301	\$532,554	\$480,521	\$443,389	\$390,117
		1.8%	11.1%	10.3%	9.8%	9.1%	8.4%	8.0%	7.5%	6.9%	6.5%	5.9%	5.4%	5.0%	4.3%

<b>Levelized Revenue Requirement</b>															
Return Requirement	\$1,298,439	\$1,442,226	\$2,052,118	\$1,905,653	\$1,809,320	\$1,679,544	\$1,563,621	\$1,493,015	\$1,388,966	\$1,284,324	\$1,210,557	\$1,103,348	\$995,546	\$918,616	\$808,247
Operating Income	2,354,293	2,313,776	2,234,940	2,273,577	2,326,969	2,368,949	2,410,771	2,464,860	2,507,624	2,551,391	2,608,593	2,654,567	2,701,643	2,762,255	2,811,745
PTCs adj. to Rev Req	0	(217,307)	(1,310,267)	(1,216,749)	(1,155,242)	(1,072,380)	(998,364)	(953,283)	(886,848)	(820,035)	(772,935)	(704,482)	(635,651)	(586,531)	(516,061)
<b>Revenue Requirement</b>	<b>\$3,652,732</b>	<b>\$3,538,695</b>	<b>\$2,976,791</b>	<b>\$2,962,481</b>	<b>\$2,981,047</b>	<b>\$2,976,113</b>	<b>\$2,976,028</b>	<b>\$3,004,592</b>	<b>\$3,009,742</b>	<b>\$3,015,680</b>	<b>\$3,046,215</b>	<b>\$3,053,433</b>	<b>\$3,061,538</b>	<b>\$3,094,340</b>	<b>\$3,103,931</b>

**Montana-Dakota Utilities Co.**  
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**2022 Footnotes:**

Factor 271 - Integrated Peak and Energy  
 2021: 70.137427%

1/ Plant Additions, assume \$150,000 per year, and \$500,000 every 3rd year for more major gearbox/generator repairs.

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
	\$150,000	\$150,000	\$500,000	\$150,000	\$150,000	\$500,000	\$150,000	\$150,000	\$500,000	\$150,000	\$150,000	\$500,000	\$150,000
<b>Depreciation for Additions:</b>													
Full year	6,315	6,315	21,050	6,315	6,315	21,050	6,315	6,315	21,050	6,315	6,315	21,050	6,315
4.21%													

2/ ADIT Annual Estimate

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Assets prior to Repower	(\$534,074)	(\$534,074)	(\$534,074)	(\$534,074)	(\$534,074)	(\$534,074)	(\$534,074)	(\$534,074)	(\$534,074)	(\$534,074)	(\$534,074)	(\$534,074)
Repower	400,501	195,308	195,308	41,413	(112,482)	(112,482)	(112,482)	(112,482)	(112,482)	(112,482)	(112,482)	(112,482)
Total Activity	(\$133,573)	(\$338,766)	(\$338,766)	(\$492,661)	(\$646,556)	(\$646,556)	(\$646,556)	(\$646,556)	(\$646,556)	(\$646,556)	(\$646,556)	(\$646,556)

3/ Projected Capital Structure with Authorized Return on Equity

	Ratio	Cost	
Long Term Debt:	47.152%	4.508%	2.126%
Short Term Debt:	1.689%	1.909%	0.032%
Common Equity:	51.159%	9.650%	4.937%
	100.000%	7.095%	2.158%

4/ O&M 2022 projection escalated at 3.5% per year.

5/ Property tax and payroll tax 2021 projection escalated at 3% per year.

6/ Tax Rate 24.4049% (Federal Tax Rate = 21%, Tax Rate = 4.31%)  
 1- tax rate 75.5951%

7/ Production Tax Credit. Diamond Willow Phase 1 turbines eligible for PTCs at 80% of full rate when repower project is placed into service.

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Diamond Willow (Eligible for PTC):	0	22,622,300	63,839,705	63,839,705	63,839,705	63,839,705	63,839,705	63,839,705	63,839,705	63,839,705	63,839,705	41,217,405
Projected PTC (rate \$.020/Kwh):	\$0	\$452,446	\$1,276,794	\$1,276,794	\$1,276,794	\$1,276,794	\$1,276,794	\$1,276,794	\$1,276,794	\$1,276,794	\$1,276,794	\$824,348
Projected ND PTC (Fac. #271):	\$0	\$317,334	\$895,510	\$895,510	\$895,510	\$895,510	\$895,510	\$895,510	\$895,510	\$895,510	\$895,510	\$578,176
												<b>\$8,955,100</b>